THE INDIAN MEDIA ECONOMY

Volume I

Industrial Dynamics and Cultural Adaptation

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'There is a growing body of critical and institutionalist scholars who have finally begun to take the economics of media and communications as serious objects of analysis. This two volume encyclopedia brings together the creme de la creme of this burgeoning generation of scholars in a systematic interrogation of the media economy in this enormously complex and fast changing society.'

—Dwayne Winseck, Institute of Political Economy,
Carleton University, Canada

'A pioneering and intellectually stimulating volume, this collection of essays marks the beginning of a systematic analysis of the emerging media economy of India and makes a distinctive and very valuable addition to the literature on political economy of global media. Highly recommended.'

—Daya Thussu, Director, India Media Centre,
University of Westminster, UK

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Adrian Athique

Media Development to Media Economy

A systematic analysis of the Indian media economy is a daunting proposition, given the sheer scale of the forces involved, the diversity of social practices engaged by the media, and the rapidity with which the various components of the media economy have been transformed over the past two decades. For that reason, a comprehensive collective effort has been required from scholars working across a broad sweep of disciplines and from specialists able to bring insights from their experience of different media configurations and of different regions within this vast nation. There is however more than simple scope to the proposition of this work. At its foundation lies our collective recognition that it has become useful, and indeed imperative, to adequately conceptualize an economic domain that is both sufficiently particular and sufficiently integrated to be considered as a distinct entity. In this context, the particularity of the Indian media economy operates across two major vectors. Firstly, the media are, of necessity, deeply embedded into both social and economic processes. Accordingly, the unique cultural and political geography of modern India has always implied a distinctive configuration of actors, industries, products, and markets. The particularity of the media economy does not rest, however, upon national exceptionalism alone. Across the second vector, it is equally important to recognize that the distinctive economics of contemporary media are derived from a blending of productive, logistical, and communicative functions, and from a complex set of integrated commodities and multifaceted social transactions.

This degree of sophistication necessitates a political economy capable of reflecting the industrial dynamics of the media on their own terms.

In order to perceive this larger goal more clearly, these two volumes represent the first concerted effort to identify some of the conceptual insights to be derived from a broad-ranging and integrated approach to the Indian media economy. Integration, in this context, reflects our ambition to consider this complex field of the media economy as an entirety. Thus, although we will encounter many distinct media practices in the many chapters of this work, we have made a conscious decision not to strategize our enquiry around self-contained sector-by-sector analyses, nor to lay out our case studies on a 'by media' basis. Rather than being an editorial conceit, our alternative progression here through different levels of media practices is an explicit recognition of the emergence of a media economy that has become increasingly integrated and comparable. Just three decades ago, it would have certainly been axiomatic to consider the various media industries in India as distinct sectors with their own sets of businesses, regulations, and consumers. Since then, however, the privatization of state media monopolies, new inflows of investment capital, and remediation via digital technologies have led to the rapid convergence of media logics and functions. Equally, from a structural sense, as India's business houses have moved simultaneously into cable television, information processing, film exhibition, and mobile telecoms, the proposition of an Indian media economy as an interlocking domain begins to make good sense as an analytical field.

This is not to say that we should consider the newly-minted 'corporate' media as being the sum of the media economy, but rather that we might, by taking a similarly wide view, productively uncover the central characteristics of the media economy and its rightful place in the broader scheme of things. As much as structural integration, multimedia technologies, and product tie-ins prompt us to think about the Indian media economy as a whole, we must also remain attentive to the transformative effect of mediation across social and economic processes more broadly. Thus, while our central focus will be upon exploring the parameters and particular logics of the media economy, we will consistently seek to draw your attention to the pervasive impact of mediation. One useful distinction to note here, then, is the one between the proposition of an 'Indian media economy' (with its particular social, cultural, and commercial logics) and a second proposition, namely the 'mediated economy of India' (where processes of mediation increasingly convey policy decisions, operational processes, and capital transfers). This further proposition of a mediated

economy allows us to consider the various ways in which media systems are stitched into the day-to-day operation of other economic sectors, the conduct of government, and the everyday experience of modernity. The relationship between the two is inherently dynamic, and thereby plays a central role in situating India's media economy. Recognizing this mutual connectivity with the wider economic sphere allows us to identify transfers of capital that cannot be encapsulated within any media business model, and without which the real value and extent of the media economy cannot be made apparent.

Media and Development

If the media economy has only come into view as a substantive sector in the early years of the millennium, as we claim, then this implies something of a disjuncture with a well-documented history of industrial evolution that reaches back for a century and a half (for various sectors, see Chatterji [1991], Barnouw and Krishnaswamy [1980], Jeffrey [2000], Subramanian [1992]). We could see this sudden convergence of interests as a consequence of the significant structural changes that have been instituted by the Government of India since 1991, and we would be partially right (Corbridge, Harriss, and Jeffrey 2012; Kohli-Khandekar 2014). We could see the emergence of the media economy as a strategic response to the broader shift towards 'services' seen in the so-called developed economies over the past half century, and we would be partially right again (Leadbeater 2000; Kelsey 2008; Kobayashi-Hilary 2005). We could seek to locate the growing centrality of media and information technologies within the precepts of Castell's 'global network society', and in terms of 'globalization' theorems more generally (Castells 1996; D'Costa 2012; D'Costa and Sridharan 2004; Giddens 2002; Held and McGrew 2007). There a little bit of truth in that too. Much more fundamentally, however, the late emergence of the media economy as a major domain relates to a belated conceptual shift regarding the potentials of media. Essentially, the purpose of the media in India was not considered primarily in terms of profit, nor considered as a significant sector of the larger economy, until comparatively recently. Instead, most of the discussion regarding media and communications prior to the millennium tended to proceed from the imperatives of supporting broader 'development' goals (for example, Nair and White 1993). Under this larger objective,

mass media technologies were seen as providing the obvious means of 'injecting' a modern consciousness and accelerating the process of development (Das 2004).

Development itself can be, and indeed must be, defined along a number of trajectories (variously technological, social, political, economic, or intellectual). Nonetheless, the common premise in the Indian context has always been the pursuit of a demonstrably modern society, as defined by the great reformist thinkers of the nineteenth century and by the technocratic elite that sought to manage the emergence of a new political order in the middle of the twentieth century. With this in mind, in the early years of India's Independence after 1947, it was understood that the project to develop a modern society would require a transformative shift in the mindset of a vast population that remained embedded in older, 'traditional' patterns of life. Consequently, media systems were cast as instructive mechanisms with a largely didactic role in underpinning a much broader process of social and economic uplift (Sparks 2007). As such, for a rationalized public administration of the kind envisaged by India's early economic planners, media systems constituted public goods with a critical logistical function in a mediated economy. Lest we forget, this view also prevailed in other parts of the world at that time, including both halves of a divided Europe and much of the Commonwealth. Even in the United States, which had itself embraced a commercial media model with utmost vigour, the deployment of media technologies in a developmental role was seen as being most appropriate for postcolonial societies (Schramm 1964). Thus, notwithstanding its recent predominance, it is fair to say that the long-term development of the Indian media economy was never an official goal in itself, but more often a by-product of other ambitions.

Those ambitions have themselves evolved over time and, as a consequence, we can see both patterns of consistency and points of divergence in the orientation of the development process and in the prevailing structures of mediation. Major points of consistency include the interlocution between state interests and commercial interests, engaged in the perennial debate between the development of public goods and the development of markets. Indeed, the story of the media in India is highly instructive of the competing and collaborative roles of the state and capital interests in establishing the objectives and the execution of the development process. Equally, due to the semantic content of social

communication, the inherent complexity of India in socio-economic and cultural terms has consistently demonstrated a strong tendency towards the regionalization and federalization of media formations. The challenges raised by the sheer scale of the country in both physical and human terms, and by its necessarily uneven development in the modern era have also been persistent concerns, with the requisite infrastructures, literacy, and purchasing power for sustainable media markets emerging in different times and places. It has not happened everywhere at the same time and, arguably, there are major domains where it is yet to happen. Consequently, the significant divergences and changes of direction in the making of the Indian media economy have inevitably varied over time and space. In the following account, however, I will follow convention by structuring my narrative around a centralized periodization determined by the shifting balance between state-led development in the first four decades of Independence and the doctrines of liberalization adopted over the past twenty-five years.

Mixed Messages

For India, the road from mediated development to media economy has been a long journey. At the outset, the introduction of modern media technologies during the colonial period was primarily intended to facilitate the bureaucratic and military structures of colonial rule, along with modernizing the commercial monopolies that allowed Great Britain to run the trade surpluses that financed its imperial pretensions (Balachandran 2005). Accordingly, state resources were mobilized to support the development of a communications infrastructure subject to the requirements of colonial governance (Bayly 1999). By the time of Independence, the preserves of the colonial state ranged from official publishing arms, the telegraph, and postal services to All India Radio and Information Films of India (Thomas 2010). Commercial applications of media technologies, by contrast, were smaller-scale enterprises largely left to local entrepreneurs. Demand for popular publishing, recorded music, and movies was nonetheless firmly established and growing in the major cities of India by the middle of the twentieth century. In the dying days of the Empire, however, the growth of a mediated public sphere was heavily proscribed for political reasons (Jaikumar 2006; Orsini 2002; Rajagopal 2009). There was no systematic policy intention

to develop media markets in the Indian languages, to commodify popular entertainment, or to inculcate a national political consciousness. Nonetheless, against a confused backdrop of official disinterest and, frequently, outright repression by an ailing colonial government, all of these things came to pass. They were certainly consequential, if not decisive, in the rise of the nationalist movement and the achievement of independence itself. Compared to the other nations (re)emerging in Asia at that time, the Indian Union (and after 1950, the Republic of India) was relatively well served by a modern communications infrastructure. India was, for example, already a major publishing centre and an exporter of films.

In an economy largely based upon agriculture and extraction, however, the media were barely significant in a commercial sense. It is easy to forget that modern India was born into a very different world from today. In 1947, the world as a whole was ravaged by war, and the global economy was contending with a scarcity of capital not seen since the early 1800s (Picketty 2014). In charting its founding ambitions for national development, the Government of India had to contend not only with the immediate upheaval of Partition, but also with the long-term constraints of severe infrastructure deficiencies and appallingly low levels of literacy, nutrition, and public health. With a relatively small and highly concentrated domestic capital base and an overwhelmingly pre-industrial agricultural sector, India had to rely upon the remittance of sterling balances and the import of food grains for a decade after Independence as it mapped out its development goals for the longer term (Tyabji 2015). Under the direction of Jawaharlal Nehru's premiership from 1947–64, state planning was adopted as the favoured approach to economic development. In the constitution of a series of five-year plans, national investments were focused upon the rapid expansion of productive capacity in the industrial sector (Sury 2013). By rapidly developing productive capacity, the so-called Feldman-Mahalanobis model predicted that India would be able to stimulate the growth of domestic demand and pump-prime the development process (Rudra 1997). In a crude sense, we could characterize this as the logic of 'build it and they will come', an outlook that has clearly outlived the heyday of the planning era.

The central goal of economic planning was self-sufficiency, stemming from a widespread belief that Britain had looted India in the name of free trade, and the ready equation of foreign money with foreign interests. In

that sense, the autarchic ambitions of the planning era chimed with the political philosophy of self-rule (swaraj) and self-sufficiency (swadeshi) forged during the Independence struggle. This legacy remains important today, and it can be plainly seen in the uneasy co-existence of the 'Make in India' slogan and the pursuit of foreign investors. Back in the 1950s, with limited resources available for the industrialization drive, Nehru saw technologies such as television as luxuries that India simply could not afford. Famously, he also saw public entertainment in cinema halls as a frivolity and, literally, as a waste of concrete. Celluloid itself, as an imported commodity requiring currency reserves, was also restricted by import tariffs (Chakravarty 1993). Antipathetic to commercial applications, the Government of India chose to define media potentials in terms of the capacity to effectively transmit the message of national development to the general population (Sutoris 2016). As a consequence, state organs of the colonial period such as AIR were maintained and protected by legislative monopolies over mass communication technologies and broadcast spectrum. For all his didacticism and admiration of soviet-style planning, however, Nehru maintained a strong liberal bent. One manifestation of this was the parallel continuation of a largely self-regulating private press and the benign neglect of a chaotic film industry located more or less in the informal economy. As such, there appears to be a remarkable continuity between the colonial division of public and private domains and the logics of the 'mixed economy' model that prevailed after Independence (Chatterjee 1993).

The underlying rationale for the state media nonetheless changed somewhat under Indira Gandhi's premiership throughout the 1970s and into the 1980s (Chatterji 1991). Indira Gandhi was certainly interested in the potentials of media. Her ministerial role in broadcasting, the subsequent development of the national television broadcaster, Doordarshan, and her patronage of the vast satellite instructional television experiment (SITE) in satellite broadcasting are all testimony to Indira Gandhi's intuitive understanding of the importance of the media in a mass democracy (India Planning Commission 1981). Inversely, the silencing of the privately held press during the Emergency period supports the same view, as the state media steadily expanded as an apparatus of political communication at the expense of an effective public sphere (Dhar 2000; Gupta 2012). The consequences of Indira Gandhi's markedly centrist and statist view of broadcasting would be most keenly felt in the centrifugal forces

emerging from their dissolution twenty years later. In its day, however, the predominantly state-led approach was key to the construction of critical infrastructure for terrestrial broadcasting, electronics, and information technology (Subramanian 1992). At the same time, the exclusion of the market from these 'big ticket' items not only reduced the influence of the leading business houses in their development, but also precluded the effective pursuit of a consumerist society in the cities and regions that were already pulling ahead in the push for modernization. From the commanding heights, Indira Gandhi's 'socialist' state protected government interests through formal monopolies, protected India's larger private businesses from foreign competition through trade barriers, and protected smaller private businesses from the bigger ones through extensive licensing systems. In such an all-encompassing system, the development of the media was necessarily shaped by this notorious 'permit raj'.

An Indian media economy did not exist prior to the 1990s, then, because much of the necessary real estate was monopolized by the government. Within the private sector itself, a raft of regulations prevented media holdings from achieving economies of scale within one stream of activity, let alone harbour ambitions for cross-ownership. There were well-established media businesses that benefitted from the inherent restriction of competition, but there were few incentives for innovation. In the absence of foreign imports, India's cultural industries operated within what was effectively a closed market. As a consequence, India became almost the only nation where domestic fare dominated the silver screen. At the same time, restrictions on real estate and punitive taxation meant India remained chronically short of screen capacity. The punitive conditions under which foreign companies were allowed to operate saw big players such as IBM withdraw from India, and this retarded the modernization of some sectors of the economy (Heeks 1996). At the same time, this absence also provided space for indigenous capacity in information technology to develop later as an Indian success story. As a public good, state broadcasting was a costly enterprise and its educational and political content was hardly a driver for public demand. Nonetheless, the primacy of politics over profits meant that the expansion of broadcasting infrastructure for both radio and television was comprehensive at a national level. Perhaps most importantly of all, state investments furnished not only the development of technical infrastructure, but also the development of human skills

through various institutions of education. The achievements, and arguably also the failures, of the planning era thereby provided the foundations for the contemporary media economy.

The Disorganized Economy

Thus far, we have focused upon the demarcation of state and private interests in the formal economy. All of these large-scale endeavours, public and private, can be collectively referred to as the 'organized' sector. They are media structures constructed through acts of policy, regimes of regulation, and the monopolization of bandwidth in one form or another. Given the imperatives of import substitution as the guiding principle of the planning process, organized sectors such as broadcasting and electronics were considered in terms of productive capacity. Large-scale publishing and the press were somewhat different, in terms of their private ownership and constitutional relationship to the democratic project. Nonetheless, market forces were rarely a driver of media development throughout the organized sector during the mixed economy era. Whist indisputably important, the centralized and heavily regulated development of the planning era was nonetheless only one part of the story. Much of the development of India's media economy actually took place in an entirely different domain. By this, we are referring to India's informal economy, where a vast field of commercial activity takes place largely beyond the regulatory framework, and often beyond the purview of governance (Basile 2013; Breman 2013; Muchie et al. 2015). A strict definition between the organized and unorganized sectors can be attempted on the basis of the number of employees or the existence of formal contractual relationships, but the essence of what Vaidyanathan (2014) calls 'India Uninc.' is probably too complex to capture by any simple measure. But, in general terms, the unorganized sector represents the aggregation of small-scale enterprises, non-contractual labour, reciprocal obligations, and cash payments.

To some extent, the coexistence of the formal and informal economies was also a colonial inheritance. The British administered only those parts of the Indian economy that suited its role within the larger imperial economy, tempered by the basic governance of essential commodities in the areas under their direct control. As such, the institution of market capitalism in the colonial era represented a limited terrain, necessarily co-existing with

earlier forms of feudal market relations (Bhaumik 2011; Parthasarathi 2013). Subsequently, the partial nature of the colonial economy provided the base upon which the postcolonial government commenced its push for development, but a large proportion of commercial activity continued to operate outside the planning process. After Independence, the Government of India sought to underwrite the push for development with increased taxation and intervention, but the practicalities of formalizing and regulating this huge domain were considerable. The scope of the informal sector remains impossible to determine, by its very nature, but informed estimates equate the size of the informal economy with the 'official' economy (Dutt and Rao 2000; Kumar, A. 2005). In the informal sector, risk is inherent and intense competition means that everyday market vagaries become a matter of survival. In such a setting, goods and services are intrinsically responsive to public demand, the tides of taste, and the purchasing power of likely customers. Consequently, the demand-driven logics of the informal economy have proved to be critically important in the development of media markets in India. For the best part of a century, the vast popular domains of commercial cinema and popular music operated in the 'unorganized' sector (Booth 2008; Rajadhyaksha 2008).

As a consequence, official initiatives for media development were always juxtaposed by the more visceral pleasures of their laissez-faire alter ego, which thrived consistently on the provision of the thrills and spills so firmly rejected by state providers (Prasad 1998). The term 'unorganized' can be somewhat misleading, perhaps, given the great scale and complexity of these undertakings. Producing, distributing, and exhibiting 800 feature films a year is a major industrial proposition, as Satyajit Ray (1976) noted in 1948. The term 'disorganized' may therefore be preferable, where the primary difference between the national champions of the planning era and vast jigsaw puzzle of film production was not a lack but rather a dispersal of organization. The 'disorganized' film industry, in that sense, was characterized by the micrological distribution of working capital and assets amongst large numbers of small, specialized operations. These ventures were dispersed across the delivery chain, and they often had competing financial interests, but they pursued a common interest in the successful exploitation of cinematic culture for a paying public. 'Disorganized' structures were not only symptomatic of the scarcity of finance, they also made good sense

against the backdrop of tight regulations applied to larger businesses and the incentives introduced in the 1970s by Indira Gandhi for private businesses to remain relatively small. As a consequence, the mixed economy era juxtaposed family-run cinema halls with the lumbering institutions that steadily built capacity in telecommunications and terrestrial broadcasting. The benefits of command lay in one domain, while the proof of demand lay in the other.

In the markedly disorganized domains of the commercial media industries, the sustained growth in demand for entertainment was served by an intricate network of producers and intermediaries. By contrast with the organized sector, there were no institutions of sufficient size to establish much in the way of market control, let alone monopoly. With intense competition at all levels, the film industry was in some respects an exemplar of free market provision. This was hardly an unqualified good, since the disorganized structure of the industry led to unresolved differences between the interests of producers, distributors, and exhibitors. Constrained by punitive taxation and dubious sources of finance, the cinema was an incredibly sophisticated homespun market that was over-producing, over-invested, and under-reporting (Pendakur 2003). Officially at least, the world's largest film industry has never run at a profit, and this degree of 'market failure' would become equally evident when commercial television began expanding after the 1990s (Shaw 2009). The commercial media industries have nonetheless continued to flourish and to capture the public imagination. From an economic perspective, there are likely three major reasons for the obvious success of their long-term failure. First of all, the demand for entertainment media has been consistent, expanding along with population growth. Secondly, the opacity of operations within the unorganized sector and the informal domain encourages us to conclude that the absence of profit may not be entirely accurate. Thirdly, media businesses have been cross-subsidized due to their capacity for serving a range of purposes that have little to do with the media business per se.

If the majority of commercial media production was substantially 'off the books', then the informal economy which provided video content, software, cable television, and other forms of 'pirate' media provides a further demonstration of the growth of markets for media content (for parallels elsewhere, see Schwarz and Eckstein [2014]; Lobato and Thomas 2015). The video boom began with the often illicit importation

of VCR technology during the 1980s, and it was fuelled by the extensive piracy of both foreign and domestic content (Athique 2008, 2014). The subsequent trade in recycled personal computers and pirated software gave India's vast agglomeration of small businesses access to the digital revolution (Sundaram 2010). In doing so, the acquisition of digital literacy was vastly accelerated, with public motivation increasingly fuelled by the expansion of information technology–enabled services (ITES) businesses in the organized sector and the employment market this created. Similarly, the advent of satellite television in the 1990s saw an army of *cable-wallah*s wiring up local neighbourhoods to provide low-cost access to a treasure trove of unlicensed programming (Mishra 1999). Trading in the produce of others, these 'grey' economies were able to expand very rapidly by responding to demand at an appropriate price point for local conditions. This component of the informal media economy was a domain characterized by what Ravi Sundaram (2005, 2010) calls 'pirate modernity', a mass communications infrastructure financed off the radar and, quite often, sold off the pavement. India's media revolution during the 1990s, notwithstanding its global interface with content and technology, was essentially a street economy. Its operations were embedded within the particular spaces of video parlours, pavement stalls, and the unique self-regulating confines of India's residential colonies.

The Liberalization Doctrine

Seventy years ago, when everything fell down to managing scarcity, the co-existence of centralized planning and laissez-faire was probably inevitable. As the decades of 'developmentalism' went by, the pursuit of technical capacity and allocation of real estate in the organized sector of the media was substantially disconnected from the market forces operating in the informal economy. Thus, we see a process of parallel development in which media infrastructure and media markets evolve in tandem but not in concert. Despite their utility in supporting the modernization process, the media were long regarded as being ancillary to the 'real economy' on which the hopes of the developing world rested. More broadly, prior to the 1990s, it was production rather than consumption which formed the central imperative of economic management across the world. Even in developed countries where the domain of consumption was becoming paramount in the matrix of

globalization, markets for manufactures remained more critical than markets for the 'intangible' products of the media industries. The role of the catchall 'services' category as a primary 'growth' generator, in terms of both employment and profitability, was far smaller everywhere than it has since become. It is only in the last thirty years that a permanent shift away from manufacturing as the central plank of the economy in favour of technical innovation, creative performance, and information management has become a normative proposition. Needless to say, this 'post-industrial' paradigm raises complex questions for a country like India, which has invested so much in industrialization as the goal of the development process (Athique 2016; Kumar, K. 2005).

In that light, the point of re-examining the previous epoch in some detail has been to demonstrate the extent to which the adoption of a 'liberalization doctrine' in India after 1991 has written the rules of the media economy. In the Indian case, the era of 'liberalization' has been consistently pegged to that watershed year, during which major shifts in geopolitics, media technologies, and economic doctrine would converge in India (McCartney 2009). The liberalization doctrine that subsequently emerged indicated a switch from autarchic development to a strategic engagement with the forces of globalization. Since then, a liberalization agenda has been pursued through a series of policy shifts seeking to deregulate certain domains that were previously heavily controlled by the state. As such, a regulatory regime favouring state industries and market controls has been steadily modified to produce an environment more conducive to private investment, including foreign investment (Ahmed, Kundu, and Peet 2010). There has been a substantive, if not sweeping, re-evaluation of the longstanding policy of import substitution in favour of a more 'globalized' import-export approach. Beyond the technicalities, however, the popular image of the contemporary era has been that of a switch from a socialist to a free-market society. One of the most visible symptoms of liberalization in Indian society has been the progressive opening up of the media environment. Under the auspices of the new economic policy, the commercial application of digital media technologies, the curtailment of state monopolies, and gradated changes in restrictions on foreign investment have transformed the circumstances and structures of the Indian media (Kohli-Khandekar 2014).

Private enterprise had already been given the lead in information technology (in 1984), but under the impetus of liberalization, the state

would subsequently relinquish monopolies over television (1997), telecoms (1999), and radio (2000). In parallel, other regulatory changes removed many of the disincentives for media companies to grow larger, as well as incrementally loosening the restrictions on international trade, currency exchange, and foreign investment. Favourable assessments by global actors such as McKinsey stoked the ambitions of Indian media companies and leveraged a higher degree of domestic investment from the banks and business houses that had previously showed little interest in the media. For domestic investors, the change in policy direction opened up new commercial opportunities, circumventing the tight hold of the established business houses in many other sectors. The television boom that had already begun in the informal sector kick-started the extraordinary expansion of the audience for the 800 television channels that would emerge following deregulation (Narayan 2013). The arrival of mobile phone technologies alongside the deregulation of telecoms spurred another gold-rush sector (Sridhar 2011). As investments, audiences, and access to bandwidth all increased exponentially, the commercial producers of film, music, and advertising were swamped by new opportunities to supply content. During the same period, the growing presence of India's ITES sector in providing 'outsourcing' and 'call centres' for international clients became a central trope of the globalization process (Sharma, D.C. 2015). Even the long notorious film industry became a major ambassador for India's 'global brand' and a useful resource for thickening ties with the increasingly significant émigré population (Punathambekar 2013; Thussu 2013).

It is hardly unsurprising, then, that India's commercial media have vocally celebrated the new regulatory outlook, becoming an exemplar and cheerleader for the liberalization economy. For our part, we should try to consider some of the 'pull' factors that may have influenced the policy changes regarding the media. For the purposes of the state, the fostering of profitable creative and communications industries has clearly underpinned a wider strategic engagement with the globalization experiment. Equally, the privatization of broadcasting has encouraged new domestic producers able to counter the arrival of foreign multinationals via satellite (Mehta 2007; Page and Crawley 2001). The resulting private investment has transformed costly 'public services' into lucrative commercial services attracting further investment (Kohli-Khandekar 2014). Since expanding delivery systems need culturally appropriate content, an incentive has also

been provided for reclaiming 'entertainment' areas such as film and music from the tax-averse informal economy. Rapid growth in areas such as advertising, television, and ITES have represented an employment gain, allowing India to leverage the commercial utility of its large population and its investments in education (D'Costa 2006; Mazzarella 2003). While the business press tends to characterize these developments as an unfettering of market forces from state controls, it is equally plausible to see this process as one of re-regulation, where the guiding hand of the state switches priorities and creates newly favourable conditions by means of policy. Arguably, therefore, we should reconsider liberalization as a process of planned development, not least because substantial portions of the Indian media economy are much less laissez-faire than they were at the outset of this process.

In many respects, the profound change of heart by government towards the potentials of media is symptomatic of a more fundamental shift from a formal economic logic centred on production capacity to one driven by consumption growth. Whether formally sanctioned or not, modern India has always had a large consuming economy by merit of its sheer size. The field of consumption has extended well beyond material goods to accommodate the intrinsic cultural needs of complex social organization. For the state, the rapid expansion of commercial goods and services in the present epoch raises the possibility of a parallel shift towards a consumption-based regime of revenue collection, one which might perhaps mitigate the longstanding failures of income-based taxation in India. For India's commercial interests, a sophisticated media economy is a functional necessity for directing a consumer society. The symbolic 'modernity' of media technologies is also conducive to the political imperative of demonstrating the fruits of the development process in a democratic system. By themselves, the utility of a rapidly expanding range of media commodities for the general public makes good sense when you consider the everyday impediments to a Fordist mass market for consumer durables (cramped living spaces, unreliable electricity, import duties, distribution bottlenecks, and the like). By contrast, public entertainment, cellular connectivity, and visual culture are all readily accessible and amenable to a wide spectrum of pricing points. Intangible modernity is invariably much cheaper to deliver than the old manufactured product was. With proven demand, the commercialization of the media was both a 'low-hanging fruit' and a prerequisite of liberalization.

The Indian Media Economy

Regulatory changes, rising incomes, technological remediation, and a shifting political terrain have all played a part in the greatly assisted birth of the Indian media economy in the twenty-first century. This is the era in which the media have gained official recognition as a substantive component of India's economy and a feature of its economic thinking. The disparate arms of infrastructure, capital interests, regulations, commodities, and the impetus of consumer demand have finally been brought together in a larger dynamic. It would be going too far, of course, to suggest that this is a seamless convergence and it would obviously be too much to claim that India has, or will ever have, a fully integrated media market. For a start, the highly centralized account here does not account for the considerable regionalization, and sometimes intense localization, that has always been a distinctive feature of India's media markets. The rise of various corporate media giants has obvious significance, but it does not negate the continuing presence of state media institutions as part of the overall ecology. Equally, the high visibility of organized sector enterprises and their acquisitions should not blind us to the continuation of a great deal of disorganized media activity of all shades. The diversity of commodities and the disparate purposes of mediation work against any singular business model, and the rapid profusion of media channels, products, and services reaches different segments of the population to a varying extent, and sometimes not at all (Fernandes 2004; Kohli 2012). Nonetheless, it can be argued that the Indian media have transcended the era of capacity building and achieved the economic 'lift off' that was the larger object of the development process.

There is a strong case, then, for the timing of our analysis. Beyond this, however, the unique characteristics of the media economy provide an equally important rationale for the proposition of this work. As we noted at the outset, we necessarily approach the object of economy here in light of the inherently social and cultural constituents of the mediation process. The inputs, functions, and outputs of media businesses all rest upon a dense web of social transactions that tend to escape the logics of most standard models of political economy. There are evidently many different forms of capital and currency in operation, and identifying the ways in which value is ultimately realized is a multidimensional challenge. Ascribing profit motives is no simple matter in itself, and any

consideration of the drivers of demand requires us to think about markets, commodities, and social development in many different ways. For all these reasons, our study here is an exercise in economic sociology, rather than a mechanistic accounting process. In taking stock of the unique patterns of development and the complex field of operations that constitute the media economy, we will offer a wide range of examples from different businesses and regions. More critically, however, our recognition of the far-reaching implications of mediation invites perspectives from experts in anthropology, communications, management, development studies, law, labour studies, sociology, and cultural studies as well as a number of media-specific disciplines. As we proceed to explore the field, the sequence of these interventions will be structured by a core set of questions directed towards our larger exploration of the Indian media economy as a whole.

Our first point of focus is centred upon the *resources* being mobilized in the making of the media economy. To a significant extent, this requires us to consider the relationship between the different capital interests and the different forms of capital that are deployed in this process. It is naturally illustrative, and indeed imperative, to explore where the money in the media economy comes from, how it gets there, and to consider its objectives. At the same time, the story of financial capital cannot be easily disentangled from the operation of social and cultural capital. In a sector overwhelmingly concerned with cultural production, and within a comprehensively multicultural society, the mobilization of cultural resources is of at least equal importance to the financial base. The dynamic relationship between financial and cultural capital is commonly, under the influence of Pierre Bourdieu (1986), triangulated with the production of social capital as a hierarchical resource. In the Indian setting, the interplay of this triumvirate is somewhat more complex than its founding example in France, but both the role of status in determining access to media resources and the conferral of status by means of media power are intrinsic to the Indian scene. Further, as this opening chapter has already demonstrated, the use of political, technical, and material resources is also part and parcel of any media venture. Labour and consumer literacies are also requisites, although these resources are embedded in human cohorts that we will go on to consider in detail elsewhere.

In order to make effective use of the raw materials of media, there must be a comprehensive set of institutions, operating standards, and procedures. Whether formal or informal, these practices determine

the industrial *constitution* of the media economy. Thus, the economic context is not simply encountered but actively created. In that sense, the channels for capital in the media economy are provided by a wide series of enabling structures. In the organized sector, acts of policy are often determining factors in setting the rules of the game. Regulatory structures may be highly specific to certain sectors, or applicable across the board. The licensing of radio would be true to the former case, while the ramifications of intellectual property regimes would fall into the latter camp. In the disorganized sector, it is often the reach and consistency of enforcement which determines the viability of any particular set of operations. Regulation is not, however, the only domain where structural norms are established. The internal organization of media businesses are also critical as they relate directly to their workflows and the sequencing of each value chain. The alignment of reforming interests across the component divisions of disparate holdings in the media and elsewhere has behavioural implications. For businesses big and small, the conventions of company reporting, directorships, labour laws, and revenue collection in India necessarily impact the day-to-day conduct of the media economy. For some, it seems instinctive to portray both statute and precedent as prohibitions to business activity, but the truth of the matter is that the vast majority of policy is intended to enact rather than obstruct. The critical question, invariably, is the intended outcome and the actors intended to benefit. As such, it is worth considering some of the industrial dynamics that determine the allocation of estates and, consequently, the distribution of discursive force in the media economy.

If the formation of capital and the regulation of its operation are necessary and anticipated concerns of any political economy, the explorations presented in the first two sections of this volume demonstrate the critical importance of the wider social dimension that enshrines their relationship. In our third section, this directs our attention towards the embedding processes that stitch the media economy into the social fabric of India. Outside of the textbooks, the reproduction of capital and the implementation of structure are inherently social processes. It is immediately obvious that societal and cultural norms impinge upon both, since any functioning economy must operate within a larger social dimension. This means that everyday conventions for social interaction and everyday struggles for power or subsistence are necessarily part of the economic process. In the media economy, of course, the raw materials of production are themselves deeply embedded

in the cultural traditions and social tensions of the polity itself. Modes of cultural expression and issues for public debate are extracted from this domain and expressed in various commodity forms. At the same time, the habituated nature of media consumption must itself find a place amongst the everyday lives and manners of the population. The embedding of the media economy has both symbolic and material aspects, but in each and every case reflects the primacy of context. For example, the complex social relationships that situate India's classical and folk arts demonstrate the embeddedness of cultural resources and their extraction. Inversely, the regularized embedding of 'international' business norms in the Indian market is an equally complex process of translation. Even the distortions of both culture and market by political actors, lamented by so many, is instructive of the necessary embedding of the media economy within larger social transactions.

In emphasizing the social nature of resources, the first volume of this collection does not restrict itself entirely to the 'supply-side' of the Indian media economy. Nonetheless, our primary concern here is with the industrial dynamics of the media economy and its composition within the Indian setting. By contrast, our second volume focuses upon the market dynamics established by public demand. As such, the markets for both commodities and labour require attention, along with some of the varied spaces of consumption. Taken together, these three domains provide a rich illustration of the social transactions taking place within the media economy. In that sense, we become less concerned with who owns what, and more so with what they are selling and who is buying it. The first part of this debate revolves around the distinctiveness of media products as integrated commodities. That is, the media economy is centred not upon a single act of consumption, but rather upon a combination of purchases. The sale of talk-time or music is predicated upon the conjoined purchase of media hardware and subscriptions for media access. The purchase of a cinema ticket is intrinsically connected to the commodification of time and space. The attention of the television audience represents value not only to television producers, but also to advertisers who can then sell those 'eyeballs' to their clients. The rollout of digital technologies is largely predicated upon new models for delineating intellectual property and generating revenue from controlling information regarding the authors and viewers of media content. The central point of this is that media audiences are not simply a group of consumers, but

an intrinsic component of the overall package of commodities that are constituted within the media economy.

If media audiences are themselves commodities within the commercial process, then a natural suspicion towards the idea of human beings as commodities is easily aroused. This is no less the case when we turn our attention to the conditionalities of media labour. Labour, as Polanyi (1944) argued, is an entirely fictitious commodity in the context of market capitalism. If human beings cannot be owned or exchanged by third parties, then they do not correspond to our understanding of a commodity form. Nonetheless, the skills, intelligence, endurance, and time of workers are available for purchase, and much of our time is invested in acquiring the capacities that allow us to trade ourselves in the labour market. It is not inconsequential, then, that the expansion of the Indian media economy has created millions of mostly middle-class jobs in India over the past two decades (Fernandes 2006). Bearing this in mind, we should take note of the varied conditions of media work in light of these changes. The nature of media work is too diverse to capture within the space available here, but the considerable investments of creative labour and the increasing precariousness of their fortunes has to be considered as a defining characteristic of the media economy (Maxwell 2015). It is all the more notable given the symbolic status by which the new media professions of various kinds have been portrayed as high-flying, glamorous, and lucrative. As the ideal types for both the labour and consumer markets, India's media workers illustrate the artificial segregation of the two domains.

As a purveyor of modern pleasures, the media economy plays a major role in facilitating spaces of consumption in India. For a range of urban middle classes, access to spectrum and access to social spaces are being integrated in new forms of pay-as-you-go experience. Indeed, it is striking how the architecture of consumption has become proof positive of development (Athique and Hill 2010; Brosius 2010; Srivastava 2014). Their symbolic status notwithstanding, the new arcadias of steel and glass are not the only spaces where media consumption interfaces with material experience. The expansion of television has furnished a wide-ranging field of domestic consumption across India that engages devotional, melodramatic, aspirational, and political pleasures in the home (Lewis et al. 2016; Rajagopal 2001; Sen and Roy 2014). Elsewhere, the cinema hall, the recycled phone, and the radio all continue to connect the media economy with the street. Media services thereby prove adaptable to

different locales and price points. With huge disparities in purchasing power, however, discretional consumption remains powerfully associated with higher social status, and this plays an important role in creating the brand values that thrive in the media economy. Increasingly, India's 'civil society' is expressing its anxieties about the commercial and political forces that are corrupting the public sphere (Ninan and Chattarji 2013). Arguably, however, the 'collapse of the Fourth Estate' is no more than the reinvigoration of market logics established long ago by the pioneers of the Indian media. This is a field of consumption that furnishes a unique blend of the symbolic and the material and its ubiquitous visibility in the social landscape is itself a significant motivation for those seeking to invest in the media economy.

Part I

Resource Mobilization

In the first section of our analysis, we are compelled to consider the nature of the resources that form the preconditions of a media economy. Our first proposition regarding resources is that a media economy is necessarily distinctive at the level of defining the various inputs into the processes of mediation. This might, of course, be said of any industry or of concerted forms of social action more generally. Our second proposition is that the transition from the development of media resources to a full-fledged media economy hinges less upon growth in production capacity as such, and much more upon the mobilization of financial, social, and political interests. Interests, as Adam Smith (1759) noted, are established outside of the confines of the accounting process as well as within it. Whilst a narrowly conceived self-interest, equated with the only acceptable form of rationality, has dominated the field of economics throughout the historical epoch that concerns us here, we should not be oblivious to the broader range of interests that are actively represented in the shaping of social transactions. Indeed, as Richard Swedberg (2007) has argued, a much wider range of collective, social, spiritual, intellectual, and material interests inevitably determine the identification of economic opportunities and their subsequent pursuit by capital formations of various kinds. As such, our own academic interest is developed in the following chapters through accounts which aim to illustrate the ways in which a disparate set of social, cultural,

and financial resources have been mobilized in the making of India's media economy.

Resources for Mediation

In all instances, the operative structures of mediation are complex and require the dovetailing of inputs, assets, and interests on a large scale. The 'business of media' is rarely a singular process and so it tends to differ substantially from the classical model of political economy derived from the rapid industrialization of the nineteenth century. By the logic of the latter, we are encouraged to conceive of a process where raw materials are extracted from nature for the purposes of human manufactures that are then sold to the market. The means of production imply the confluence of land, labour, and infrastructure within a model of ownership where primary 'resources' are transformed via the 'fictional commodities' that allow capital to function (Polanyi 1944). In a media economy, however, the raw materials for social communication are invariably located within the population. In the first place, the intrinsic cultural aspects of mediation are organic resources predicated upon the long-term evolution of expressive norms within any given culture (or set of cultures). This is why scholars such as Vijay Mishra (2002), Sandria Freitag (2001), and Gregory Booth (1995) have been emphatic in their identification of the Ramayana as a meta-narrative that serves as an inexhaustible resource for Indian popular cinema. Other raw materials in the cultural repertoire that we might seek to attach to their claim would be numerous Bhakti traditions, poetic forms such as Ghazals, and the various fusions of Indian and European forms in theatre and music. In essence, those elements of the media economy concerned with narrative and/or visual representation invariably draw upon aesthetic resources that acquire utility in the production and reproduction of media forms.

As a conduit for social communication, however, mediation is never simply an aesthetic process. For any operative medium, semantic and technical literacy must be established on a large scale (Gellner 1998). The complexity of those requirements varies considerably for different media forms, but commonly media literacy can also be categorized as a primary resource, in this case derived from substantial investments in education (which may be institutional or diffuse). The available technologies

of mediation also constitute primary resources for any form of mass communication. Access to technical resources, exclusive or otherwise, is a prerequisite for activity within a media economy. Where this endeavour differs again from the classical model is that the customers being targeted must also have some access to this technological capacity in order to receive media content. For this reason, both 'producers' and 'consumers' in the media economy make substantive investments in the corresponding markets for media technologies and literacies. This is particularly evident in the business model for telecommunications, where Satyanarayan 'Sam' Pitroda's introduction of international subscriber dialling (ISD) technologies and the subsequent acquisition of cellular technologies in India has exemplified the rapid expansion of economic activity predicated upon a technological resource (Sridhar 2011). This is also a domain where the common utility of mediation requires broad public participation to garner value and subsequently draws in investments of capital and labour from the population as a whole. In that sense, the convergence of producers and consumers has been a consistent, as opposed to a novel, characteristic of media economies. This 'circuit of communication' reflects the fact that society itself, as the source of both content and demand, can also be understood as one of the raw materials of mediation (Hall 1980).

Means of Mobilization

As a set of symbolic, technical, and social resources that derive their value from being held in common rather than from limited availability, the inputs of the mediation process cannot be monopolized as easily as a plantation or mine. Critically, these are also resources that are not depleted through the production cycle of production and consumption. In a digital age, visual information, data transfers, and talk time can all multiply exponentially. Extraction is, in effect, fully automated. Nonetheless, in order to transform the raw materials of the media economy into profitable accumulation, control must be established over the various mechanisms of mediation. In order for this to happen, it must be possible to establish exclusive ownership over distribution frameworks, communication channels, data collections, and/or franchises for formats and brands. The establishment of media estates therefore requires a combination of technical and statutory domains which allow various forms of mediation

to be either purchased or rented. Consequently, media assets can be determined as various transferable allocations of bandwidth derived from the potentials of media ownership. As we have seen in the parallel explosion of Indian television and telecoms over the past decade, it is in the allocations of these estates that we are typically able to witness the formal mobilization of capital interests (Narayan 2013; Shaw 2009). The secondary markets around media assets often exceed the logic of the media production process itself. They also tend to demonstrate the prevalence of capital transfers between the media industries and other sectors of the economy.

Previously, we sought to establish a distinction between the media economy (as a market for media goods and services) and the mediated economy (as the broader mediatization of the economy as a whole). When we consider this distinction through the prism of resources, it is evident that both propositions are derived from the same resource base. They are functionally inseparable. Further, we can say that as the complexity of media systems increases, a media economy becomes substantially more dependent upon the parallel expansion of the mediated economy. A personal computer implies greater logistical complexity and interdependence than a printed book. What we fail to capture in this purely functional distinction is the extent to which the content circulated within the media economy constitutes the discursive terrain where the legitimacy of interests is established. In India's age of television, the interactions between a vast pantheon of business leaders, politicians, and celebrities represent not only the key actors but also the leading subjects of the media economy (Athique 2009). In that respect, the acquisition of assets, the manufacturing of brands, and the unfolding of scandals in the media industries have become integral to the creative destruction of social capital and the contours of the democratic process itself. The role of the media in promulgating the public sphere means that the lead story and the back story of the media economy are often interlaced, with this extraordinary visibility of interests conferring both advantages and risks for the major protagonists (Khorana, Parthasarathi, and Thomas 2014).

Multi-channel Finance

A third proposition, then, is that our approach to understanding the mobilization of resources should not be to simply 'follow the money'.

We should instead seek to illustrate something of the evolution of networks, mechanisms, and strategies involved in the channelling of resources into, out of, and within India's media economy. Ashish Rajadhyaksha undertakes this task with characteristic aplomb in the next chapter, 'The Guilty Secret: The Latter Career of Cinema's Illegitimacy'. Here, we encounter the film industry in Mumbai just prior to its sudden emergence from a disreputable past as a transit point for illicit finance and its subsequent rebranding as an exemplar and brand ambassador for India's 'new economy'. Prior to this (at least partial) makeover, the film industry is configured as a disorganized sector beset with an enduring crisis of over-production and precarious financing. The core business of making movies is capital-intensive and high risk, with a short product life and unreliable mechanisms for collecting returns. It survives because India's leading production industry grew up in an urban economy dominated by cash payments in high turnover sectors such as real estate, gold, and gems. As a consequence, the Hindi film industry of the 1990s was glamorous, dangerous, and arguably vital to the mobility of private capital in the highly regulated statist economy forged by Congress governments after Indira Gandhi's accession in 1966. Mumbai is also a city on the Arabian Sea, and the circulation of money within the city was further extended by the need to circumvent currency controls in the remittance of petrodollars from the Gulf.

The industrial form of the film industry inevitably reflected the role of erstwhile Bombay as a vital hub for the circulation of money. As Rajadhyaksha notes, the Bharat Shah case was intrinsically connected to the hawala system. These practices orchestrated cash flows through networks of reciprocity dispersed throughout the informal sector. As such, hawala relies upon a complex web of social relationships that serve as vehicles for the transmission of money. When this 'guilty secret' of film financing came under the spotlight in 2001, the web of obligations that made up the informal financial mechanisms of Mumbai were demonstrably interlaced with the social networks that structured the disorganized business of film-making. The intense mobility of finance required for the purposes of film production in the Hindi cinema thereby operated in symbiosis with the wider utility of those financial channels to the economy of the city itself. For Rajadhyaksha, the continuing import of the scandal that broke around Bharat Shah rests not so much upon the presence of black money, but rather in what it revealed about the industrial bottleneck that

this activity sought to resolve. Shah's deployment of a 'financier mode of production' was itself intimately tied to the fortunes of the film star as a freelancer capable of transferring value across the intended gaps in the industrial process. Ultimately, Rajadhyaksha argues that these innovations were not so much overturned, but effectively formalized by the corporate finance that subsequently came to occupy the financial channels of film production.

Network Transfers

The enquiry into the movements of money across Bharat Shah's business holdings highlighted the unofficial merger of the film industry with real estate and the gems trade. The accounts of the story carried in media outlets across the world also served to illustrate the functional interaction of cultural, social, and financial capital as a characteristic of its industrial form. The next chapter included here, Brian Stoddart's 'IPL: The Global Game Changer' relocates this discussion within the supercharged media spectacle of the Indian Premier League. Founded in 2008, the Indian Premier League, with its high-octane combination of sport stars, film stars, federal ministers, regional tycoons, and the tight-knit world of the Board of Control for Cricket in India (BCCI) provides a useful example of the ways in which different capital forms collaborate, collude even, in the formation of a public market. The peculiar economy of the IPL is a classic case of remediation, where the game of cricket provides the raw material for a television spectacle primarily intended to generate secondary markets in sponsorship and patronage that dwarf the sport itself (Bolter and Grusin 2000). The intensive transfers between cultural and financial capital in the visual field are only partially successful in obscuring the parallel interests of the shadow economy in gambling. This vast market is itself only made possible by the apparatus of live television as a carrier of the game and the parallel expansion of telephony as a mechanism for financial transfers in real time (Srinivas and Vivek 2009). As a consequence, the contemporary form of cricket only becomes explicable through the prism of its mediatization (Hepp 2012).

Within the IPL nexus, the political patronage that structures the governance of sport comes into direct contact with corporate investments in visibility and prestige. At the front end, the imperative for movie stars to deploy their social capital in order to replenish and sustain that

resource becomes conjoined with the comparable drawing power of their counterparts in first-class cricket and the celebrification of the 'business princes' who bankroll the brand franchises. India's politicians, who have appointed themselves as the custodians of both the market and the game itself, are similarly compelled to invest in their public presence and in visual displays of their own power and influence. As a consequence, the circus of the IPL brings together the major formations of India's political, cultural, and financial capital in a concentrated form. In doing so, it draws our attention, sometimes painfully, to the network relationships (and often the biological relationships) that determine appropriation in India. As Pierre Bourdieu (1986, 83) observed, 'The structure of the distribution of the different types and sub-types of capital at a given moment in time represents the immanent structures of the social world.' Nonetheless, as Brian Stoddart capably demonstrates, the IPL has proved to be an extremely unstable platform for the reproduction of capital through seamless transfers between these domains. Instead, the competitive visibility of the auction process, and the vast sums of money involved, have flooded the engine of the IPL and laid bare the inherent conflicts of interest amid the incestuous density of these network economies.

Indirect Dialling

The 'Bollywoodization' of cinema and cricket somewhat implies the regularized production of scandal as part of the product range. The software and telecoms sectors are by contrast the very epitome of well-polished organized businesses. These are the flag carriers of India's 'new economy', success stories that have furnished massive gains in connectivity and which occupy a central place in India's ambitions for international engagement. In the telecoms sector, Bharti Airtel's expansion into African markets has been offset by the large-scale inward investments by Britain's Vodafone. These transactions have been seen as critically important, since foreign direct investment (FDI) has been figured as a totemic measure of liberalization. The third and final chapter for this section, 'The Role of Offshore Financial Centres in Indian Telecoms', Douglas Hill and myself seek to determine what we can establish concerning the scale, mobility, and function of these investments. The decision of Vodafone to direct its investments through subsidiary operations based in the Indian Ocean state of Mauritius, thus availing itself of the benefits of the Double Taxation treaty with India, has

subsequently drawn the ire of the Government of India. We should see this contestation in terms of global debates regarding the culture of tax avoidance by multinationals, but an equally critical story is the extent to which such a large proportion of India's FDI passes through Mauritius. As we begin to investigate this investment channel, we are compelled to question whether the impressive headline FDI figures in the media economy might conceal investments that are not entirely foreign and certainly not direct.

While FDI 'successes' typically receive headline coverage in India, it remains extremely difficult to identify the inflows of foreign investment and their distribution across the media economy in any systematic fashion. The undue complexity of offshore investment vehicles, the gaps in reporting requirements, and lack of transparent accounting are all strangely redolent of the Shah story. Are these traces then, of what might be called a 'corporate hawala' scheme, thereby bringing us full circle to the ancestral origins of the media economy? Is Vodafone primarily guilty of taking advantage of an FDI channel that was never intended for the benefit of foreign investors per se? These questions cannot be answered for certain, but as we seek to situate the Vodafone story, we begin to identify some obviously pertinent questions regarding the intermediary locations through which much of India's foreign investment flows (including the Vodafone transaction) have been transiting. It has to be said that this opacity of money circulation is by no means unique to the Indian case, but the concerns raised in this account serve to further underscore the utility of the media economy as a mechanism designed for rapid financial transactions. The regularized need for large upfront investments and the relatively modest requirements in fixed plant mean that the media economy will always be in need of, and a favoured destination for, 'hot money' of various kinds. This critical dimension must always be part of the business plan.

Adrian Athique

2

Ashish Rajadhyaksha

The Guilty Secret

The Latter Career of Cinema's Illegitimacy

In 2001, diamond trader and movie financier Bharat Shah was arrested for alleged financial connections with a Dubai-based 'gangster' who was wanted in India for diverse crimes. One of Mumbai's richest men, Shah was known in society pages primarily as a movie financier, even though he often said he financed movies mainly as a hobby because he liked to hang out with the beautiful people. As news of his arrest gradually came out, however, it emerged that his 'side' film business was integral to his financial empire. It was so not because of either its scale or its visibility, but because of its capacity for absorbing invisible investments. This chapter revisits a stressful and anxious moment within Indian cinema's history. By doing so, it will attempt to make the following argument: that Shah's business model for film financing was actually a major innovation in the history of film in India, pivoted around a conceptually new way of valuating the worth of a film commodity to open up a negotiable 'grey' space between economic and cultural value, and to then fill that gap through leveraging it with other similar gaps in value from other economies. Further, I will argue that although Shah's business practices were viewed as recently as the late 1990s as illegal, even criminal, within a decade they were not only legalized, but effectively mainstreamed. In his own way, Shah resolved an economic-cultural crisis of value that the Indian cinema has faced for almost as long as it has existed, and which now forces us to ask yet again an age-old question, 'What is cinema?', this time from an extremely unusual perspective.

The 'Financier Mode' of Film Production

The specific trigger for Shah's arrest was a series of telephone conversations that the police claimed to have recorded between Shah, movie producer Nazim Rizvi, and a Dubai-based gangster named Chhota Shakeel, during the shooting of the Hindi film *Chori Chori Chupke Chupke* (2001), directed by Hindi cinema's leading successes of this time, Abbas–Mustan. Mumbai's police claimed that Shah had 'aided and abetted' the gangster 'to extort money from people and to send it through hawala' and had 'threatened film industry people to produce movies at Shakeel's instance and to share profits with him.' Soon after came news of a complicated investigation involving a number of further criminal activities by various influential people, of which one culmination—the 2002 Lisbon arrest and 2004 extradition of gangster Abu Salem, accused of having organized the 1997 murder of 'cassette king' and film producer Gulshan Kumar—caused especial tension in the city's movie industry (not least for fear of who Salem might now implicate). Salem had been accused of masterminding the 1993 serial bomb blasts that had taken place in Mumbai, apparently as retaliation against the Hindu-Muslim riots that had followed the demolition of the Babri mosque by right-wing Hindutva organizations in December 1992, and it was widely believed, if not proven, that he had been supported by movie-industry people. The rising tensions were such that Bollywood spokesperson and leading producer Yash Chopra put out an announcement explicitly designed to assuage concerns, saying in November 2005 that 'no underworld-film industry nexus exists in Bollywood at present', since 'money is easily available' (*Santabanta* 2005).

In the end, the eventual consequences of the scandal appeared not so much to create a crisis but to resolve one that the cinema may have faced, depending on how you saw it, from the end of the First World War. Briefly put, this crisis was cinema's historic inability, or many might say reluctance, to qualify for 'legitimate' funds. By the mid-1980s, this long history had taken on threatening proportions for several governments. The cinema was widely perceived as not making money amid the common claims that less than 15 per cent of all movie releases broke even, and less than 5 per cent made serious profits. On the other hand, there appeared to be no dearth of investment coming into certain aspects of the overall film-making process. Both the diversity of sources apparently keen on investing into movies and the selective nature of their investment,

suggested that even on the face of it, the movie industry spanned a wider, greyer, and more diverse economy than what its only 'visible' location of income generation, namely the box office, could account for on its own. In 1985, a report published by the National Institute of Public Finance and Policy (NIPFP), titled *Aspects of the Black Money in India*, estimated that in 1983–4, 'black' income generation was at an astonishing 18–21 per cent of the country's overall GDP. The report outlined seven sources for the national generation of such income, of which–after 'real estate transactions' and 'large-scale manufacturing'—the third largest source was the 'film industry'. Importantly, the film industry outranked smuggling in this list (Pendse 1989, 50).

The problem that several government departments faced, especially the tax authorities, was this: it was not that the industry was unprofitable, rather, it was that these ancillary sources of income and profit were both unaccounted for, which meant, at the very least, that they were illegal. The realization that they could also be potentially criminal in nature had provided, in 1998, the direct impetus for then-BJP government and its information and broadcasting minister, Sushma Swaraj, to belatedly recognize the film business as an industry, which basically meant normalized access to bank finance and insurance, and thus greater financial accountability (Punathambekar 2013, 39). To many, the Shah debacle confirmed a lament that went back to the origins of post-War independent India's attitude towards its cinema: one that bewailed the failures of the Indian cinema as compared to Hollywood, to show why 'we' could never be as good as 'they'. As far back as 1969, film theorist Chidananda Das Gupta (1969, 30) had spoken of this very 'black money' which, he said, had originated in the scarcities of the wartime years, when the 'spoils of large-scale profiteering stayed outside the banks' and have stayed out ever since. 'An industry which costs more in services than in goods' offered an 'excellent area for this unaccounted and untaxed wealth to hide and multiply', wrote Das Gupta. The 'moneybags' offered 'fantastic sums to stars to wean them away from studios, which as a result were forced to close down.'

And so the inevitable happened: Das Gupta (1969, 31) concludes that 'the mass film in India…landed itself in a star system without studio control, formula film-making without Hollywood's variety of formulas, an annual investment of some US$85 million without Hollywood's audience research or other organizational safeguards.' Such a view has

conventionally assumed, as has India's state policy on the cinema, that the film industry's revenue comes from the retail box office sector, and that this sector is dominated by the distributor who typically owned the rights over retail and, as a result, maintains control over the financial inflow. Control over this sector has therefore conventionally been attempted through levying entertainment tax, which—before the era of the multiplex—has ranged in different Indian states from 30 to 70 per cent of the price of a movie ticket. It is of course doubtful that such a clean model of production/distribution/exhibition ever existed in India, or that the box office was ever the cinema's only source of revenue. Indeed, from at least the 1940s, the film industry has attempted to regularize non-box office incomes through creating newer ancillary 'territories', beginning with music, opened up with the formation of the Gramophone Company of India in 1946 as an autonomous space. By the 1980s, as these sectors diversified to include cable, video, and even unexpected new sectors like live entertainment, it was clear that the 'business-to-consumer' model was getting eclipsed by subsidiary arrangements ('business-to-business') of the creation and exploitation of diverse rights pre-sold for autonomous exploitation.

As these new economies opened up to the film-making process, and as the film commodity expanded from the movie itself to diverse ancillary sectors, a new player emerged from the shadows, supplanting the traditional categories of 'producer' and 'distributor'. Although Shah was its most visible example, there were others—the brothers Harish and Jhamu Sugandh, Dinesh Gandhi, Vashu Bhagnani—who also emerged from the shadows of invisibility that had historically cloaked such figures. These were film financiers. They had always existed in the movie industry but until the arrival of Shah and co., were typically shadowy men who preferred to stay in the background or were even anonymous, even as they bankrolled the far more visible 'front-men' producers in arrangements that were largely informal and undocumented. Bollywood historian Tejaswini Ganti (2000) graphically demonstrates this earlier history when she juxtaposes a 1990s film distribution map she got from distributor Shyam Shroff, giving the divisions of 'exhibitor territories' in India, such as the Central Province, Central India, East Punjab, Nizam, and so forth, with one showing their colonial origins in 1913 British India displaying the late nineteenth century financial networks of the industry. The funds both then and now were drawn from fields as diverse as 'construction, jewellery,

diamond trading, real estate', connecting that older economy with one in 2000 when film producers 'borrow money at monthly rates of interest of 3–4%, which works out to an extortionary 36–48% per annum' through 'financial transactions…in cash where the accounting is highly secretive and most contracts are oral' (Ganti 2000, 56).

Unlike his shadowy ancestors, Shah now changed that relationship as he 'came out' to occupy a radically new space: emblazoned by the legend 'Bharat Shah Presents…' that was now the new name above the title, the opening credit so familiar to Hindi film audiences through the 1990s and 2000s. Such a coming out saw a new twist to what I am here naming the 'financier mode', over the 1980s and 1990s, the two decades that also effectively book-ended Shah's film career. It modified a mode of film-making that Madhava Prasad (1998, 32) once famously called the 'heterogeneous mode' of manufacture into equally heterogeneous markets: not just diverse markets for consuming the film as a whole, but also diverse in the sense of both expanding and then splitting up the film commodity and making it available for consumption in bits and pieces as each of these bits entered different aspects of a considerably wider financial ecosystem. Although the term 'financier mode' may appear to be new, the change in the economy that his coming out would now represent has been part of the film industry's common sense since the early 2000s. A 2007 Confederation of Indian Industry report, for example, defines the change thus:

> It was not long ago that the distributor used to be the strongest link in the film value chain. He used to dictate the contents of the movie, with unique features that would make his movie a hit in his territory. In fact, there are instances in which a movie's climax has been changed or even two different climax scenes catering to different parts of the country. He was the middle-man who handled the theatrical release of a film as well as the promotion and marketing of the film in a particular territory. With producers having limited funding capacity, they used to depend on the advances from the distributors to complete their films. This also resulted in the producers having limited bargaining power with the distributors and had to be at the mercy of the distributor to have a share of the box-office collection—except in the case of large and well-established producers. (CII and Kearney 2007, 22)

As the cinema fragmented into diverse financial arrangements, it appeared that—contrary to the widely held assumption that Hindi

cinema's practices were the very antithesis of Hollywood—the activities of Shah and Company bore some startling similarities to a history of Hollywood introduced by Lew Wasserman of the Universal Studios in the 1970s with the blockbuster film. Both Wasserman and Shah were primarily financiers, green-lighting independent productions that they felt were most compatible with their other business interests. Both had, indeed, given a new lease of life to such independent productions (in Shah's case literally so, as we will see—but just as one little reminder, he 'presented' perhaps Hindi cinema's best known independent production, Ramgopal Varma's *Satya*, 1998). Unlike Wasserman, Shah never really funded blockbusters, but like him, Shah too milked newer and newer areas of invisible secondary rights moving the industry away from its dependence on the box office. For Wasserman this was, after *Jaws* (1975), a combination of 'ancillary rights, from selling toys and allying with fast-food chains, to milking later revenues from pay-TV, home video and DVD sales' (Gomery 2005, 198–9). A significant part of Shah's own revenues would come from very similar areas. Shah described this, in an interview with the *New York Times* shortly before his arrest, as financing 'on a personal basis'. The newspaper says:

> Last year, Mr. Shah reckons, he financed about $45 million worth of films, about three times more than two years ago. Foreign revenue from his films has increased by at least 100 percent during the same period, he says. And that is not including sales of the rights to satellite television networks. The average return on investment is about 30 percent per film, he says. Yet he calls his film business a "hobby," a secondary occupation after his diamond trading and real estate concerns. (Fuller 2000)

As the process of restructuring the film industry in the wake of the Shah episode gradually took shape, the industry's own internal narrative was that this was done through a downgrading of the importance of the old-time distributor. 'Traditional distributors have played multiple roles—starting from movie financing to taking on partial risk for movie's success', says the CII Report, but then adds that the 'availability of movie financing from banks and very affordable rates coupled with increasing power of large exhibitors to directly enter into screening agreements with producers are slowly reducing the relevance of such distributors' (CII and Kearney 2007, 51). The perceived need to 'stamp out' the earlier distributor was actually what drove several new technological and

financial procedures, as the industry 'cleaned up' the 1990s mess. Three of the seminal changes were

- The arrival of the multiplex, which ensured 'transparency in collection' and made it possible to break the hold of an earlier era of distributor practices on theatres
- Digital distribution, often via satellite, which 'eased the distribution of movies to the remote villages of the country'
- Arising from the first two, the corporatization of financiers into new generation production houses

Such production houses integrate their work in film with a number of other initiatives in financial services, infrastructure, and communications. Perhaps the best example of this kind of 'new-generation production house' was Anil Ambani's Reliance Entertainment—one of a five-part corporate structure going alongside financial services, communications, infrastructure, and power generation.

The Gangster Goes Global: The Latter Career of Hawala, Migrant Capital, and Foreign Remittances

One area of concern however endured, and was missing in the CII/Kearney report: a key additional component of Shah's business model that may have remained unresolved even by these developments. This was a financial paradigm that Shah introduced into the film industry derived from a practice of invisible capital that was located primarily in Mumbai, around a series of shadowy economies pivoted around the city's real estate, but also including financial speculations in the city's stock market. It was this invisible part of Shah's business that had got him into contact with the Dubai-based Chhota Shakeel and in trouble with the police. In 2001, the year Shah was arrested, there was growing evidence that the so-called 'mafia', representing financial interests working mainly from Dubai, had entered both the city's real estate and its film industry. This diversification happened from the early 1980s, writes former crime reporter S. Hussain Zaidi in his popular chronicle (and the only credible record) of the city's mafia, and it coincided with Dawood Ibrahim, perhaps the best-known name of that mafia, shifting his base from Mumbai to Dubai. As Zaidi defines it, the history of mafia finance in Mumbai could be defined in three stages: a first, drawn mainly from smuggling, extortion, and protection,

which came to an end with the era of the great 1970s dons, Haji Mastan, Karim Lala, and Varadarajan Mudaliar. A second stage, as we will see later, was more directly focused on the city's real estate.

It was a third stage, when such capital began, as Zaidi (2012, 184) says, to 'scan the globe' seeking investment opportunities for diverse reasons—some looking for a maximum rate of return, others for tax avoidance—and companies wanting to 'launder their money to remove the stain of its criminal origins' began to demonstrate an increasing commitment to new markets that saw it show up, amongst other places, in the film industry in 2001. In the 2000s, the hawala system was widely perceived as available for criminal usage: it was, as *Time* magazine had it, a banking system 'built for terrorism' (Ganguly 2001). The two areas in which it was seen as capable of contributing to criminal activity were, firstly, in money laundering and, secondly, in placement of cash resources, given its capacity to wipe clear the trail of where it came from or where it could go (Van de Bunt 2007, 118–19). A Financial Crimes Enforcement Network/Interpol report explicitly titled 'The *Hawala* Alternative Remittance System and its Role in Money Laundering' (Jost and Sandhu 2000) put the problem down to primarily the matter of 'handling cash'. Money laundering, they write, consists of three phases: placement, layering, and integration. In the 'layering' stage, the money launderer 'manipulates the illicit funds to make them appear as though they were derived from a legitimate source.' A major component of this is 'the transfer of money from one account to another.' 'Placement' is where you put it. Layering is how it works within a legal structure, given the possibility that a transaction could be considered to be suspicious and reported as such. The final stage is the most crucial. It is here the launderer 'invests in other assets, uses the funds to enjoy his ill-gotten gains or to continue to invest in additional illegal activities.'

> The same characteristics of *hawala* that make it a potential tool for the layering of money also make it ideal for the integration of money. This is when money seems to become legitimate, and, as we have seen, *hawala* techniques are capable of transforming money into almost any form, offering many possibilities for establishing an appearance of legitimacy. (Jost and Sandhu 2000, 13)

In 2011, when the imagined link between foreign migrant remittances and terrorism was at its peak, the venerated *Economic Times* carried an essay that claimed, among other things, that the underworld 'has its fingers in scores of businesses from drugs, to financing regional films, running

money-laundering networks, pilfering and selling oil and real estate.' The report said that it was 'not as active as it used to be in its control of trade unions and Bollywood'; that it has 'almost entirely given up on the smuggling goods across borders, with the exception of drugs and arms', and also, lastly, that it has 'moved beyond Mumbai' (Chandavarkar 2011). As miraculous as this sudden dispersal from the Bollywood scene may seem, a decade earlier the underworld was certainly still very much around in Mumbai. On 8 January 2001, the *Indian Express* claimed that it had 'astonishing evidence' that as many as 60 per cent of the films in Mumbai were being financed by mafia dons, that 'as many as 20 films released recently are suspected to have been financed by Dubai-based underworld don, Chhota Shakeel.' Seeking her own answer to what was going on, Mumbai's leading financial journalist Sucheta Dalal (2001a) analysed this entire episode from an unusual viewpoint. Firstly, she contended that the 'mafia' entry into the film industry was very likely to be larger than most analysts believed. Dalal disputed the industry's official claim that 'mafia' finance existed in no more than six or seven of the 250-odd film productions underway, arguing that the more accurate figure may well be closer to 30 features 'affected in some form or the other by his arrest', and an investment closer to Rs 100 crores, and this did not include 'the mafia's involvement in music and distribution rights' (Dalal 2001a).

From this, Dalal (2001a) concluded that the Hindi cinema industry may well be, as a financial entity, far more central to the city's economy than many thought. The Shah arrest, coming on the heels of investigations into a number of entertainment companies that had recently—and for the first time in India for this sector—been listed on the stock exchange, had seen the film industry become an unexpected location for questions around corporate ownership disclosure. In their 2001 *India Today* cover story, Raval and Chopra reported that 'The Mumbai stock market lost some of its shine, with the Sensex shedding 63 points on January 8. Panic selling had media and entertainment stocks Mukta Arts, Balaji Telefilms and Zee Telefilms hammered for three days in a row. The market was abuzz with rumours that some of the leading brokers with exposure in media stocks may be associated with Shah.' In the aftermath of the Shah scandal, the Securities and Exchange Board of India (SEBI) sought more effective implementation of the recommendations of the 2001 Y.H. Malegam Committee Report on Disclosure Requirements, addressing ownership disclosure procedures of companies intending to list their stocks. Amidst

the furore, Dalal primarily contended that the new financier mode had transformed the film industry into a kind of financial gateway, for capital to other destinations within the city's overall finance sector.

> Cash payments, music and distribution rights and funding—they are all part of a package deal. Bharat Shah's rise to being the most influential film financier has a lot to do with his control over all these segments. His financing package invariably included music and satellite rights; he also gained from exclusive arrangement with some music companies and topped this off with deals with overseas distributors.... The next stage was the nexus he was apparently building with a leading stockmarket operator. Bharat Shah's alleged connections with the mafia and his alleged role as a conduit for extortion money have yet to be proved. If it is true, it shows how close the Mafia was to infiltrating legitimate funding avenues. (Dalal 2001a)

Dalal then goes on to usefully explain just how Shah was doing this: he was, she says, working a major cash trade, a racket of bad loans. He was doing this in his real estate and diamond investments, but now we might legitimately assume that the film practice may be not too different. Dalal (2006) explores this with a scandal involving a specific set of loans that the Global Trust Bank had made, shortly before it collapsed in 2004 (Sridhar 2004), to one of Shah's companies named Rhiday Real Estate to finance a commercial complex in Mumbai, which had already 'turned bad' by 2000, as well as to other companies, some owned by Shah, named Beautiful Diamonds, B. Vijay Kumar & Co, and Crystal Gems, all with abysmal security covers. There is a long history to this particular modus operandi of using numerous front companies for financial laundering. In 1992, Dalal (2001b) had first reported the biggest story yet on the then financial economy, involving stock broker Harshad Mehta and his rigging of the market through fake bank receipts. In 1998, she had alerted her readers to the fact that Mehta had re-entered the stock market, even though his license had been taken away, with a set of activities that were now alarmingly similar to ones she now saw Shah perform. Both were dealing with 'unknown companies with no financial standing or professional expertise and without taking any security or deposit', and overcoming their cash flow problem through creating 'a large network of front companies.' Shah especially was 'rolling his positions from one bourse to another and transferring positions among brokers though a system of *kapli*s or credit notes.' This was lateral, rather than vertical,

layering of capital which would require rapid movement of money both into and out of different business ventures (Dalal 2006).

Layering the Investment: 'Bharat Shah Presents…'

'Go for the money' is one of Hollywood's most quoted cardinal beliefs: the fact that when serious money is poured into a production, it had better be literally visible on screen. If Dalal was right, and if Shah was doing all of these things, and if his movie investments were indeed a part of this process, it follows—and is something of an article of faith in film studies—that that these would have translated into screen visibility. There is, on the face of it, little to suggest any strategy in the diverse grab-bag list of movies that Shah has financed over the years. Some are big productions—the Bachchan hit *Mr. Natwarlal* (Rakesh Kumar, 1979), Raj Kapoor's *Ram Teri Ganga Maili* (1985), Subhash Ghai's *Ram Lakhan* (1989), and Yash Chopra's *Chandni* (1989)—but most appear to have been middle-range productions, several of which (like Srabani Deodhar's *Silsila Hai Pyar Ka*, 1999; Anil Devgan's *Raju Chacha*, 2000) are eminently forgettable. Most have the now-famous 'Bharat Shah Presents' banner (Vinod Mehra's *Gurudev*, 1993; Raj Kumar Santoshi's *Ghatak*, 1996 and *China Gate*, 1998; and J.P. Dutta's *Border*, 1997) but several don't (including some of his biggest productions, like Sanjay Leela Bhansali's *Devdas*, 2002). Most curiously, he shows a penchant for independent titles, typically with major stars—Mani Ratnam's *Dil Se* (1998), Ram Gopal Varma's *Satya* (1998), Kamal Haasan's *Hey Ram* (2000), but also sometimes not—*Ek Chalis Ki Last Local* (Sanjay Khanduri 2007).

At the time of writing, Shah's last big production with the banner name was Anand Kumar's *Zila Ghaziabad* (2013: The banner name shared with Mohammed Fasih). To the confused list of titles, there are other practices that are, at the very least, different: Shah has a reputation for giving extensive leeway to his producers and directors (he claimed not to know very much about even his own *Chori Chori Chupke Chupke* producer, Nazim Rizvi, saying that he meets 'a lot of people'). On the other hand, it is also said that he closely hangs on to all film rights. If he has one cardinal law, it is to never sell anything outright. Let us begin trying to unscramble this by beginning with the one constant factor in his productions, his use of stars. This is itself an unusual use, for although he is known to be close to some—especially to Shah Rukh Khan, whom he has bankrolled

extensively, for example, in his short-lived website *srkworld.com* and in his Red Chillies production house—he works both with diverse kinds of stars, as the films above show, and appears also to experiment in diverse ways with stardom. Here we see major stars reinvent themselves with unusual roles in several films: such as Amitabh Bachchan in *Khakhee* (Rajkumar Santoshi 2004), and Saif Ali Khan in Sriram Raghavan's *Ek Hasina Thi* (2004), both placing themselves at an angular space rather than the usual frontality of the 'hierarchical despotic public spectacle' within which most stars present themselves (Prasad 1998, 78).

One key component of the Shah experiment with stardom is in the broad economic category of rental. In his classic 1999 study of the star system in Hollywood, Abraham Ravid (1999) defines the history of stardom in Hollywood as one moving from a contract era, when stars were owned by studios who charged the rental, to a second stage when stars shared the property itself, and thereby also demanded a share in the revenue in all its diversity, including all sources and not only from those of the box office. And then came a third stage, when star valuation effectively split into two component parts. One, the simpler part, was up-front payment, where the star was paid a fee calibrated upon the guarantees she or he brought that ensured basic survival at the box office. At this level, the star's presence is merely, in Ravid's words, financial de-risking. Stars, Ravid writes (1999), 'capture their rent': they, in other words, ensure that any film that has them in it will ensure a minimum return, sufficient to cover their hire. There is a second, more innovative, aspect to the rental: the use of stars as a front-end for filling in key gaps in value. As Ackman (2002) says, the distinction is this: 'A movie like *The Mummy*, any studio can market and sell on the strength of the title alone', but 'if a studio is selling *Unfaithful*, they have to explain what it is.' In that situation, the 'presence of Richard Gere makes that explanation easier' (Ackman 2002). Stardom in Bombay has had a similar history, and similar issues of value-creation.

By the early 1940s, most stars formerly contracted to studios along with a host of new ones had moved to freelancing. By the 1970s, several had extended their control over a film by moving from straight ('pure white') fees to partnerships in greyer economies, including co-ownership of diverse distribution rights. In 1974, a Government of India Report, calling for extensive state intervention into the cinema, had proposed—alongside a more rational structure of entertainment tax—the need to 'reform and regulate stardom in cinema.' Setting the stage for the Emergency that

the Indira Gandhi government would impose in June 1975, and with a crackdown primarily on smuggling, the report also indicated the extent to which stardom had become implicated in this time in that grey economy (Government of India 1974). That very year, 1974, film-maker Shyam Benegal inaugurated the process of generating an entirely new stable of low-budget stars, led by the movie star Shabana Azmi and including Smita Patil, Amol Palekar, Naseeruddin Shah, and Om Puri. Interestingly, the problem that the Estimates Committee Report of 1974 outlines, and the one Benegal sets out to solve with creating an alternative structure of stardom, is also one that Bharat Shah himself names some years later (Government of India 1974). Shortly before his arrest he says that 'the crux of the problem' for why banks are not willing to fund the movie industry 'lay in the present star system', that 'today, an artiste works on five to six films simultaneously. He cannot give his best to each and every project. This causes unnecessary delays and thereby hampers cash flow' (Bosu 1999).

It is in the grey economy of star valuation that Shah demonstrates his major innovations on star rental. In the first place, Shah appears to recognize early on that that stars are ripe for significant revaluation. Some of this value is monetized directly as star intellectual property (IP), which becomes a franchise-generating value both within film, in sequels, but also outside the cinema: the best-known example being Akshay Kumar's *Khiladi* series also launched by Abbas-Mustan and presented by Shah. Much of the rest morphs, through the 1980s, into forms reliant on the cinema but no longer limited to it. By the mid-2000s, writes film industry commentator Komal Nahta (2012), stars are earning as much from guest appearances in live events and in endorsements, as they are from the movies. While Shah Rukh Khan's acting fee, or what Ravid would call the 'rental fee' for a film, is around Rs 25 crore, he is already charging Rs 2–3 crore as a per-day charge for endorsements, and maintains a profit share in the revenue. The earnings of most major stars now begin to come from (in this order): movies, guest appearances, endorsements, stage shows, hosting television shows, attendance at weddings and other functions, judging reality TV shows, and performing at events. The soaring remunerations are possible, says Nahta, firstly because of a diversity of revenue sources, and secondly because of the entry of the private sector in the process of leveraging. 'With theatrical earnings being only one part of the revenue stream, a star-producer can make gains even if his film doesn't

fare well at the turnstiles, by pre-selling satellite, audio and other rights', writes Nahta (2012).

Star Rentals and Real Estate

At one level, Shah's shift of emphasis away from the box office and towards generating, on behalf of his shadowy Dubai-based investors, a growing number of secondary or subsidiary domains of value generation, and on his use of stars as a primary means by which to trigger this shift, has a relatively simple explanation: he is simply finding ever-more innovative solutions by which his investors could bypass the usurious levels of entertainment tax on the box office. This has been part of a larger problem of indirect taxation in India, and one reason for why the film industry has seen so much evidence of black money. The same 1985 NIPFP *Aspects of the Black Money in India* report that mentioned the prominence of the film industry in this economy, also made the more general observation that 'high effective rates of taxation' were a 'major contributory factor to tax evasion and black income generation in India', and further, that the Indian trend, which has been to increase indirect taxation, had seen 'the problems of evasion of direct tax' being 'unusually severe'. This also explained, perhaps, the reason for why in the Hindi cinema financier-investors have historically only rarely turned into producers proper. But there is perhaps a yet further dimension, where Shah appears to be bringing new practices into film financing that are derived from other businesses, innovations that he is carrying out that are fundamentally transforming the financial sector in Mumbai.

If the very concept of value came through the 1990s to be tied to land value, the parallel concept of rental too was transformed in Bombay in its bastion—in real estate. It was from this basic model that both concepts came to be modified for diverse applications calling for the recalibration of the price-value equation. Part of the reason for the centrality of land to the very concept of value was the economy of 1990s Bombay, when land briefly became the most expensive in the world. This led to two anomalies. One, the physical scarcity of saleable land (supply being constricted by geographical and historical factors) saw nearly all available private land on Mumbai Island controlled by just nine developers. And two, such scarcity led to new means by which land could be revaluated in ways that could attract appropriate prices. Both came together to define a management of

scarcity: when land was only released in small parcels and to appropriately high prices, as Whitehead (2008, 271) shows. It also happened through redefining the purpose to which the land could be put. The key challenge was introducing an additional domain of value-generation in the area of rent: an amorphous 'something' that might cover the gap between 'ground rent' (minimum available rent as it stood) and what came to be known as the 'differential rent' that could be availed of if appropriate value-additions could be made. This gap, between two categories of rent, was further enforced by a growing chasm between the price of construction cost and the rentals available for desirable property (Whitehead 2008, 272).

Much of the money being made in this time in the city related to these discrepancies in value, and they were both created and enlarged through a 'fusion of economic and extra-economic elements in underworld involvement in real estate development, transactions and construction.' This entire transformation, says Whitehead, required the underworld to 'lubricate' a transition, from manufacturing to an economy dominated by real estate and financial services (Whitehead and More 2007, 2431). I propose here a paradigmatic resemblance between the two categories of rental and value-enhancement, in the way they come together in the real-estate economy and in another, somewhat more elusive property: the star's financial worth. As with real estate, in this very period, the chronically undervalued star value too shot through the roof. Also, as with real estate, what it did was to open an entirely new economy. By 1996, according to a Mumbai Metropolitan Region Development Authority (MMRDA) report quoted by Whitehead, manufacturing had been for all practical purposes replaced by 'financial and producer services, both high and low-end, real estate, commerce and entertainment' as the leading sectors of the city's economy (Whitehead and More 2007, 2428–9). Likewise, Shah's own financialization agenda opened an entirely new economy: of subsidiary rights, or avenues for income generation that, as economist D.R. Pendse (1989) showed, had been as recently as a decade previously considered illegally sourced income.

The Guilty Secret

Writing about the mid-1980s, when this illegal economy had risen to 20 per cent of the nation's gross domestic product (GDP), the highest ever since the Second World War, Pendse (1989) says it was not so

much through conventional tax evasion, where legal income is only partially declared, but income that was wholly illegal in the first place. This distinction is crucial: he was not speaking of specific illegal activities within a larger structure of law, but rather of entirely illegal economies that existed entirely outside of state control. They were illegal not because there was anything morally reprehensible about them, but that the state had no control over then, no regulatory mechanism. Some aspects of the changes that would subsequently take place have been well-documented: the growing tendency through the 1990s to diversify the entertainment industry itself, especially its stardom component, away from film and into a range of new industries—including both television and fashion—that were dependent on cinema but unconnected to its box-office revenue. There may even be a connection between stars' extreme desirability for the 'mafia' and the entire saga of scandal and intrigue of tapped telephones and secret video cameras showing movie stars gyrating at private parties. The Bharat Shah story itself broke as a gripping sideshow on the margins of a film production. Hit directors Abbas-Mustan were in the process of making a Bollywood romantic drama, *Chori Chori Chupke Chupke*, a well-credentialled classically 'Bollywood' proposition, a local adaptation of *Pretty Woman* (directed by Garry Marshall, 1990), with megastar Salman Khan and Rani Mukherjee in the lead and Preity Zinta playing the Julia Roberts role of the sex worker.

As Zaidi's 2012 account shows it was at Chhota Shakeel's insistence that Salman Khan's presence in *Chori Chori Chupke Chupke* became non-negotiable. Khan plays Raj Malhotra, scion of a gigantic and ecstatically happy feudal joint family headed by his grandfather, Kailashnath Malhotra (Amrish Puri), whose only desire left in life is to have a great grandson. The joint family is of course extremely rich, with no clue as to how they acquired their wealth, and they can travel anywhere in the world for indefinite lengths, including en masse to Switzerland to give Raj and wife a 'surprise'. It's not just Khan's own performance that appears reluctant and flat: the entire film has a curiously mechanical feel to it, running rapidly through a kind of checklist of feudal family drama requirements—Raj meets Priya (Rani Mukherjee), conjugal duet, they marry, marriage song, honeymoon in Switzerland, love duet in the mountains, she gets pregnant, has a miscarriage—before settling down to its major and central theme which had strange overtones to the crisis of the production itself: how to maintain a guilty secret that can never ever

be revealed to the patriarchal structure. It is an experience to watch the film, very much a 1990s idiom assembling bits of stand-alone routines of romance, comedy, high emotion, and so on. It begins with an opening shot of millionaire Kailashnath Malhotra posing in a group photograph, as he introduces his joint family to a television programme titled *Rich and Famous*. The film narrative has become inextricable from what was actually happening on its sets to some real-life rich and famous people with their own true-life guilty secrets.

Devoting an entire chapter of his *Dongri to Dubai* book on the making of this film, Zaidi (2012) claims that Khan did everything he could to get out of playing this role. Apparently, he only agreed—after many attempts at avoiding producer Nazim Rizvi, whom he had even once thrown off the sets—when henchman Anjum Fazlani told him that 'Shakeel was on the line and wished to speak with the actor' (Zaidi 2012, 311). What happened off-screen was certainly not a part of the script, and yet there is a distinct *il n'y a pas de hors-texte* quality to it all. Police revealed that between October and November 2000, they had recorded dozens of phone conversations between the film's producer Rizvi, its financier Shah, and gangster Shakeel, among several others, with movie actors, producers, and financiers. On the evidence of these calls, police arrested Rizvi, his assistant Abdul Rahim Allah Baksh, and a Dubai-based businessman named Mohammed Shamshuddin alias Bhatija. They took evidence from 72 witnesses, including several of the city's biggest movie stars. Three of the accused were charged under the draconian MCOCA (Maharashtra Control of Organized Crime Act), while Shah himself was charged under the much milder Section 118 of the Indian Penal Code for 'concealment of information': the information being that Rizvi et al. were Chhota Shakeel men. Shah himself dismissed his relationship with his own producer, Rizvi. In the end, as outlined by the *Times of India*, the prosecution's case was this: 'that Nazim Rizvi, Abdul Rahim Allabaksh and Bharat Shah were part of a criminal conspiracy who aided and abetted gangster Chhota Shakeel to extort money from people and to send it through *hawala*' (*Rediff* 2003a).

Further, it was alleged that 'the accused had threatened film industry people to produce movies at Shakeel's instance and to share profits with him', all of which was ultimately to 'get a vice-like grip on Bollywood'. Public Prosecutor Rohini Salian said Shah 'has communicated from Rizvi's telephone and has financed money knowing that Shakeel is the

member of a crime syndicate', and that 'associating with the underworld knowingly and communicating for their benefit is an offence.' The overdetermined claim was extortion: that Shakeel was receiving money. Most of the big movie personalities who had originally made statements to the effect that they had been threatened—including Shah Rukh Khan and Salman Khan, producer-director Rakesh Roshan, directors Sanjay Gupta, Mahesh Manjrekar, and Anees Bazmee, producers Harish Sughand, Ratan Jain, Ali Morani, and Mohammed Morani—turned hostile and retracted their earlier statements. Apparently, only Preity Zinta stuck to her earlier statement of having received calls from the underworld while she was shooting for *Chori Chori Chupke Chupke*, telling the sessions court in Mumbai that she received a call from a man who said, '*Main bhai ka aadmi Razak bol raha hoon aur mujhe 50 lakh chahiye*' (I am *bhai*'s man Razak and I want Rs 50 lakh), and that she would have to bear the consequences if she did not pay up. She said she was 'very scared and upset', that she 'confided in Nazim Rizvi, the producer of the film' but he told her not to worry. Sessions Judge A.P. Bhangale later ordered that Zinta's statement be recorded in-camera with only defence lawyers allowed to be present in the court along with the accused, Bharat Shah and Nazim Rizvi (*Rediff* 2003b).

Shah did spend some time in jail, but was widely believed to have got away partly because he was Hindu, partly because he was rich, but mostly because he belonged to the influential community of diamond traders and was quoted as saying, to a huge crowd of assembled businessmen in Gujarati that '*hira bazar athva Gujarati samaj na uppar koi pan politician haanth lagava ni kosis karse, ena haanth todi nakhis*' ('If any politician dares touch the diamond market and Gujarati community, his hand will chopped off') (*Rediff* 2003c). Shah never did explain the second part of Prosecutor Salian's charge, that he was 'to produce movies at Shakeel's instance and to share profits with him', all of which was ultimately to facilitate Shakeel to 'get a vice-like grip on Bollywood.' If there is indeed nothing outside the text, then what does all this now do to the text? It certainly makes watching *Chori Chori Chupke Chupke* a very strange experience. The film's opening credit formally 'thanks' the Special Court, MCOCA, the Crime Branch, Mumbai Police, and the Court Receiver, 'without whose untiring efforts and good office this picture would never have been made.' In reviewing this bizarre, but pivotal, production project, this chapter has primarily been about a curious economic bottleneck that the movie industry faced

in India, which appears to have had larger symptomatic significance: a problem that saw the de-legitimization, eventually criminalization, of a key and defining economy of its cinema. It took the Shah route for the Indian state to arrive at a new corporate-friendly economic model to be defined, and a new cultural practice that we now rather easily understand as 'Bollywood' to emerge.

3

Brian Stoddart

IPL

The Global Game Changer

In this chapter, I will seek to demonstrate how the Indian Premier League (IPL) has coalesced old and new economy monies into a commoditized form of cricket, reborn as mediatized entertainment rather than a game. In creating this new form, the IPL mobilized the full armoury of the new Indian media: television, telephony, blockbuster stage shows, competitive news and entertainment channels, advertising, and promotional economies. Since its launch in 2008, the fortunes of the IPL have been interlaced with India's new internationalism and an expanding mesh of political and celebrity scandals. Behind the scenes, the IPL has favoured player interests and heightened the power of Indian administrators in the global game place. At some level, of course, the Indian Premier League is a cricket competition conducted in India involving eight franchised teams from different cities that play twenty-over-per-side matches during a six- to eight-week season. Within that structural simplicity, however, lie the essential characteristics that have seen the IPL transform all aspects of international cricket. Those changes are driven by the sheer financial scale of the enterprise, and by the resultant impacts that range from international scheduling through to player loyalty, governance of the game, perennial questions of corruption, administrative cronyism, and the other afflictions of over-capitalized international sport. Here, we have one country in the space of little more than a decade seizing control of a top-tier sport at a global scale. That is unique. The argument that follows here, then, is that the IPL is a distinctive manifestation of the Indian

media economy that has instrumentally shifted the political economy of global cricket, changing the culture of the game itself along the way.

Resourcing the IPL Economy

The obvious question is how all this came about. In part, the IPL arose from the growing mania for and public consumption of cricket in India, especially as the national team became more successful internationally. Mostly, however, the IPL resulted directly from India turning cricket into a media rights goldmine on the back of that social enthusiasm for the game. That shift was accelerated by the marketing and promotional opportunities offered by the newly mediated game form of Twenty20 (Razul and Proffitt 2011). Consequently, India moved swiftly from being a marginalized member of world cricket to becoming the game's biggest powerbroker. That ascendance was achieved mainly by changing the financial complex within which cricket is located (Astill 2013). The starting point to this story, properly, is with the IPL's financial and economic planning. In 2008, at the IPL's inception, the Board of Control for Cricket in India estimated receipt of US$400 million from the sale of eight franchises. It received almost US$724 million. That huge sum was then bolstered by a television rights sale that, after complex court proceedings, gave the BCCI an additional US$1.4 billion over ten years. Essentially, the BCCI controlled US$2.1 billion just for hosting the IPL. That was without counting the massive television revenue garnered already from television rights to test cricket played in and by India, itself close to US$1 billion over six years. Given the vast sums involved, it was inevitable that the IPL would also furnish a proportionate increase in the shadow economy nexus of cricket gambling and related underworld activities.

Even the sums within the rope were unprecedented in world cricket, standing in stark contrast to the International Cricket Council's consolidated financial statements for the year ending 31 December 2008. In that year, cricket's world governing body received approximately US$17 million and spent almost US$24 million for a loss of US$6.6 million. The ICC, then, was already dwarfed by the BCCI in terms of sheer financial muscle, and that disparity could only lead to the financial structure of the international game being transformed by this new configuration of capital. Mumbai was the most expensive IPL franchise, bought for US$111.9

with funds from Mukesh Ambani's 44.7 per cent personal interest in Reliance Industries and his estimated wealth of US$21.5 billion. That price tipped the Bangalore team, won by Vijay Mallya's Kingfisher group focused on alcohol and airlines. Mallya's own net worth was around US$1 billion. Hyderabad went for US$107 million provided by the Deccan Chronicle media group. Kolkata went to movie star Shah Rukh Khan for almost US$76 million. Fellow movie icon Preity Zinta's group paid US$76 million for the Mohali-based team. At US$67 million, the Jaipur team was the cheapest, bought by the Emerging Media group. Chennai went to the India Cements group controlled by N. Srinivasan, a leading cricket official in Tamil Nadu and the BCCI. The US$91 million price was soon overshadowed by rising questions about conflict of interest as Srinivasan rose to control world cricket itself. The US$84 million for Delhi was paid by the GMR group, based in Bangalore and big in the infrastructure world by way of public private partnership arrangements, notably in building the new airports in Hyderabad and Delhi but also in several toll road projects.

In seeking out the impulses behind the capital flows that launched the IPL, it is useful to identify the franchise holders for IPL teams. The interconnections between these actors are important, because their interests underwrote the new structure of cricket in India and, by extension, around the globe. New cricket, therefore, rests upon this new money. Historically, Indian cricket was dominated by an upper-caste and upper-class elite (following its introduction by the British in the mid- to late nineteenth century), with the Indian princes long being major figures (Guha 2003; Majumdar 2008). That was best demonstrated, strangely, by Prince Ranjitsinjhi who played for England with distinction. Ranjitsinjhi never played for India, but was always seen to represent the model and the future of the game there (Rodrigues 2003). The sway of the old aristocracy remained deep into the Independence era, until it was finally and decisively swept away by the IPL. As a result of this sudden transformation, cricket in India is now funded by powerful and intersecting forces: seriously big business, powerful media conglomerates, the movie industry, and associated service groups like advertising and promotion companies. Significantly, some of these overlapping empires receive parallel funding from government and other official sources, so it should come as no surprise that questions about conflicts of interest have dogged the IPL from its inception. The inner detail, some of which we will consider in this chapter, appears to confirm at least some of those concerns.

In the context of other scandals regarding the allocation of economic rights in India over the past decade, it is obviously significant that the groups stumping up these large franchise fees were, in effect, already guaranteed a considerable financial return. Strong returns were guaranteed because the BCCI arranged for 72 per cent of the television rights to be returned to franchise holders. That meant, on average, that franchise holders could expect to get 72 per cent of their outlay back without doing anything. Once ticket and franchise product sales were included in the revenue, the IPL glittered like a goldmine. The anticipated revenue bonanza was underlined by the massive fees realized under the auction system that allocated players to franchises. In 2008, Mahendra Singh Dhoni received US$1.5 million for about six weeks work with the Chennai Super Kings. Andrew Symonds of Australia received US$1.35 million. A string of players received over US$500,000. This largesse revolutionized global player payments. In its 2008–9 annual report, for example, Cricket Australia showed a forward revenue commitment for player payments of A$21 million. There were just twenty-three players on national contracts that year, suggesting an average annual payment of under A$1 million each. However, that total clearly included base payments plus match and tour fees and other benefits. For most if not all Australian players involved in 2008, the income for six weeks IPL work equalled or exceeded their annual base salaries from Cricket Australia.

From its 2008 beginning, then, the deep pockets of the IPL immediately positioned India as the best employer in world cricket, challenging many of the old structures for governance of the game. The emergence of these opportunities has led to substantial further changes in all aspects of cricket, not least the introduction of an auction process to capture international talent. Via this process, the IPL has disrupted the nature of player-national body relationships. Each IPL team may number between sixteen and twenty-seven players, of whom up to nine may be non-Indian. At the start of each competition, teams may retain up to five players from the previous season, with all others being selected through the auction system with players going to the highest bidder. Teams for the 2014 season had a maximum salary cap of Rs 60 crore (US$9.6 million) to spend on players, and a minimum of Rs 36 crore (US$5.6 million). The IPL has also fundamentally transformed the public presentation of the game. The four teams that accumulate most points in the annual IPL competition then play each other in knockout matches to determine the champion. Eschewing the genteel aesthetics of

test cricket, IPL crowds are entertained by ever-present noise, fireworks, smoke machines, and (mostly-imported) dancing girls and cheer squads. Amongst the fanfare and the salaries, the players praised the game to the skies. In 2010, prominent cricket journalist and historian Gideon Haigh (2010) wrote, 'The risk is, as ever, that the hyperbole of IPL will simply smother the cricket; perhaps the members of the IPL cheer squad should stop listening to each other and start listening to themselves.'

The Politics of Patronage

There has been a lot to listen to because the competition has produced many controversies, been relocated to South Africa in one edition, began the 2014 season in the United Arab Emirates because of a timetabling clash with India's national elections, and undone political careers inside and outside of world cricket. Consequently, one important strand to unravel in the IPL concerns the engagement of political capital as a central component of the Indian cricket world. An easy starting point is with Shared Pawar, union minister for agriculture. Pawar became president of the International Cricket Council, capping his career as president of the Maharashtra Cricket Association and of the Board of Control for Cricket in India (where his most famous public role was ousting Calcutta cricket boss Jagmohan Dalmiya who began the BCCI's rise to world prominence). Simultaneously, Pawar traversed through being chief minister of Maharashtra and then, in 1999, after being expelled from the Congress for trashing Sonia Gandhi as a 'foreigner', became leader of the new Nationalist Congress Party (NCP). In an era of pragmatic politics, the Congress needed NCP support to form the new UPA government so Pawar was back in favour—well, almost, because the Gandhi clan never quite forgave him so that all negotiations were effectively via intermediaries. Pawar shows minimal assets by most standards in official returns, but has been long rumoured to have much bigger holdings, particularly by way of various land deals in his home state. Some of these interests have been to subject of legal proceedings (ClamorWorld 2014). The 'old' politics require networks, of course, and Pawar developed those extensively. His hand-picked cricket successor in Maharashtra and at the BCCI is Shashank Manohar from Vidarbha, whose father was advocate-general during Pawar's chief ministership.

That Vidarbha connection is reinforced powerfully in the form of Praful Patel, Pawar's right hand NCP man and one-time minister for

aviation who presided over the post-Mangalore tragedy aftermath and the Air India strikes. In popular parlance, Patel is known as the 'Bidi King of Vidarbha', having inherited a business conglomerate spanning tobacco, pharmaceuticals, and real estate. Praful Patel also symbolizes a crucial element in this aspect of the IPL case because, as a recent book points out, he is seen by many to epitomize the rise of the 'crony capitalism' that has blighted India's international business and commercial reputation. Jitender Bhargava considers Patel's ten-year rule as aviation minister a period during which state-owned Air India was undermined through the favouring of private carriers run by tycoons like Vijay Mallya and the even more extraordinary Subrata Roy who began Sahara Airlines (Bhargava 2013). The political favouring of these barons is said to have included contract deals on airport construction and fees and a range of regulatory waivers. This emerged only later when Kingfisher and Sahara both ran into serious financial problems. As with Mallya, Subrata Roy's business-cricket links were manifest. Between 2010 and 2013, Sahara sponsored the India cricket team, paying approximately US$50 million a year for the privilege. Sahara was replaced as sponsor at the end of 2013 by the Star media group, and the fallout highlighted the potential for inside deals. In 2011, having become national sponsor, Subrata Roy's Sahara also became franchise holder for a new IPL team, the Pune Warriors. That franchise folded in 2013 following a dispute with the IPL and the BCCI about the fees due. While the Warriors existed, they played at the Subrata Roy Sahara Stadium in Pune, capturing perfectly the personality cult approach that marked this envelopment of cricket.

As the Praful Patel story shows, every magnate needs a dynasty. Enter Supriya Sule and Poorna Patel: Supriya Sule is Sharad Pawar's daughter and a nationally elected MP from Maharashtra for the NCP. Praful Patel's own daughter, Poorna, went to work as a hospitality manager and executive—with the IPL. Supriya Sule, meanwhile, is married to Sadanand Sule who inherited his father's Sony empire in India and associated businesses. In official declarations made when running for election, Supriya admitted personal wealth of Rs 16 crore with her husband's standing at Rs 35 crore. One of those associated Sule businesses surfaced as a major issue in the IPL saga. Put simply, one Sule business has a substantial stake in the company that won IPL telecasting rights. The Indian tax authorities are keenly interested in the winning of the contract because a 'commission' (for which read 'inducement') was

allegedly involved. Pawar and Patel denied any knowledge of or role in any of this, but the web of family connections kept on producing issues. One of the better IPL stories, for example, concerns how an Air India flight was cancelled (remembering who was minister for aviation) to allow Poorna Patel to charter the plane for herself and several IPL players. The early 2014 death of Sunanda Pushkar Tharoor was a sad reminder of how complex and far-reaching this IPL political and business context had become. Sunanda met union minister and social media poster boy Shashi Tharoor somewhere around 2009 and they married.

After a strong international diplomatic career, Tharoor was now a member of Parliament (MP) from Kerala and holder of a ministerial post. Around that time a Kerala-based consortium bid successfully for an IPL franchise. Among the parties in the successful consortium was a company named Rendezvous Sports World that held a twenty-five per cent share. Just days before the bid was lodged, suggestions arose that Sunanda, by then linked but not yet married to Tharoor, had received a noticeably large share in Rendezvous through a system known as 'sweat equity'. Effectively, that meant she made no financial contribution but was allocated a big financial share in return for her managerial expertise (Ray 2010). When details of this arrangement were released on Twitter by Lalit Modi, the IPL commissioner, opposition parties in Parliament immediately alleged that Sunanda was a proxy for Tharoor who had used his position to engineer a financial stake, thereby effectively engaging in corrupt behaviour. Tharoor and Sunanda denied that but he was forced to resign. Ultimately, IPL supremo Lalit Modi's involvement in the affair led effectively to his sacking as well. One interpretation has Poorna Patel passing on to Tharoor confidential IPL assessments of the franchise values in advance of the bidding process. That was said to have advantaged Tharoor's favoured Kochi bid team that then won over Modi's preferred Pune team. The further twist was that Modi then rescinded the license which was then transferred to another bidding party, one in which Modi was rumoured to have a stake himself. That action began a chain of events that saw Modi ejected from the IPL, instigating an ongoing legal battle.

In the messy circumstances that led to her tragic death in 2014, Sunanda suggested that she had covered for Tharoor in the IPL affair, and by early 2015 the matter was still under investigation with the Delhi police declaring her death to be a murder (Great Game India 2014). Needless to say, these feuds and intrigues sparked by the IPL rise have led

to the political connections in Indian sport coming under renewed serious question. In response, the government caused a massive stir by suggesting that national sports bosses have a fixed term, to prevent them creating power bases. The reaction was immediate and intense, because in cricket alone the political bases of board members are substantial. Narendra Modi, India's prime minister and former chief minister of Gujarat is president of that state's Cricket Association and a member of the BCCI. Arun Jaitley of the BJP and now finance minister in the new Modi government is president of the Delhi Cricket Association and a prominent BCCI power broker. Disgraced IPL boss Lalit Modi was himself close to the former Rajasthan BJP chief minister, Vasundhara Raje. The Orissa cricket boss is the son of a former politician while the Himachal Pradesh supremo is a BJP politician and son of the chief minister of the state. Then there is Laloo Prasad Yadav, long-time political boss in Bihar, provincial cricket president and leader of the Rashtriya Janata Dal, once a Congress government ally. From the outside, then, the potential for political intrigue, failures of governance, and conflicts of interest stand apparent. India's job-sharing political leaders and cricket bosses have done little to improve that image. Indeed, much of the IPL's activities provide a clear indication that the new political economy of cricket has further extended political manipulation, interest, and interference.

The Tail Wags the Dog

The proximity between the deal makers of the IPL and centres of political power is a unique circumstance in itself, but the tournament has also been structured in such a way as to almost guarantee its envelopment by India's expanding media economy. This is demonstrated usefully in the case of the newest franchise, the Sunrisers Hyderabad which emerged from the demise of the Deccan Chargers as the Deccan Chronicle group subsided into financial chaos. (Dharmakumar 2012). The new franchise was won by Kalanithi Maran's Sun group at a cost of US$159 million. Sun is a media conglomerate of magazines, newspapers, and television stations based mainly in South India but with reach all over the subcontinent. Until early 2015, the group also owned yet another private airline, Spicejet, and Sun itself was floated on the Mumbai stock exchange. Maran and his wife are the highest paid (at least, as publicly declared) company directors in India, with their 2011–12 listed salary bill standing around

US$8.5 million. Maran's net worth is estimated at US$4 billion. He is the son and brother of former union ministers, and his mother is the sister of long-time Tamil Nadu political strong man, M. Karunanidhi. Sun was awarded the Hyderabad franchise even though Maran and his brother, Dayanidhi Maran, were about to be charged with corruption for having allegedly offered substantial bribes in the Aircel-Maxis mobile phone merger which plagued the Manmohan Singh-led UPA government.

Charges were laid late in 2014, authorities alleging that during his term as telecom minister, Dayanidhi Maran had forced the Aircel Group to sell its telephony interests to the Maxis group from Malaysia that then promptly invested in the Sun group controlled by his brother Kalanithi Maran. The Maran brothers allegedly benefitted by at least US$150 million, and then commenced identifying assets that might be used to repay those funds (*Indian Express* 2014). By April 2015, Rs 740 crore had been identified for attachment, and Sun shares were in steep decline on the stock market. Additional money laundering charges had also been laid by then. If the Maran brothers are convicted on these charges, it will be the clearest indication yet of the shady business deals that underpin the mega-investments in the IPL. The Maran case also highlights the extent to which the IPL franchise owners can deal in very large numbers based on the cosy arrangement by which most of their outlay is covered by a return from the television rights funding. The nexus between the media economy and the IPL also has extensive international manifestations, with the Rajasthan Royals franchise being an interesting example. The franchise was bought by a consortium involving Lachlan Murdoch, son of Rupert Murdoch (and a media boss in his own right), Indian media and venture capital businessman Manoj Badale, and Suresh Chellaram, the brother-in-law of IPL boss, Lalit Modi (Srinivas and Vivek 2009). The arrangement was made through a Mauritius-based company, EM Sports Holdings, half-owned by Chellaram. The Nigeria-based Chellaram paid US$3.9 million for his share in the Royals. A year later, he sold 11.7 per cent of that EM Sports Holdings share for US$16 million to Raj Kundra and his wife, the actress Shilpa Shetty.

Kundra was born and raised in England but bases his business interests out of Dubai with a focus on international trading, mainly in metals, as well as investing in Bollywood films. The Badale share seems to have been diluted later, the suggestion being that Chellaram had taken more. As time passed, this intricate ownership structure became the subject of

much discussion, leading to a 2010 public statement following criticisms about non-transparency in IPL holdings (Dubey 2011). At that point, Emerging Media owned by Badale held 32.4 per cent; Chellaram's Tresco International held 44 per cent; Lachlan Murdoch's Blue Water Estate held 11.7 per cent and the Kundra/Shetty-owned Kuki Investments the remaining 11.7 per cent. That 'clarification' could not prevent further comment and investigation, however, and, during 2013, Indian revenue and tax authorities announced that the Royals faced either prosecution or a massive Rs 100 crores fine for foreign exchange infringements. It appears that Badale, a non-resident Indian, paid the franchise deposit from his own accounts without Reserve Bank of India approval. That mistake was repeated with later payments, and clouded further by the fact that he paid on behalf of an entity other than the one holding the franchise. The wider connections within the Royals raised further and persistent questions of governance. Chellaram was the brother-in-law of IPL boss, Lalit Modi who also continued to be the president of the Rajasthan Cricket Association. Further, the son of I.S. Bindra, a major player on the Board of Control for Cricket in India, was appointed as general manager of the Rajasthan Royals.

While these patterns of relationship between Indian elite personalities engaged variously in politics, business, and sport predated the rise of the IPL, the amplification of these various interests via the gargantuan IPL structures is highly instructive in outlining the economic interface between competitive sports, corporatized media, and capital networks. As the franchise complexities abounded, so did the problems. The Royal Challengers Bangalore franchise was fronted by United Breweries (UB) boss Vijay Mallya through United Sports, a wholly owned subsidiary, although he is now in retreat with his Kingfisher airline effectively in receivership and without a license to operate. Though UB has an estimated capitalization of US$12 billion, Mallya attempted to offload a majority share in United Sports during 2013 to the British-based liquor giant, Diageo. That would have made RCB the first IPL franchise to be foreign-owned, but the attempt was rejected by the BCCI. Had he succeeded, Mallya would have made a handsome profit on the US$111 million he spent in 2008. Nonetheless, despite the comfortable arrangements set out in terms of the IPL franchises, the financial difficulties afflicting some of the franchise holders are compounded by the fact that few franchises have, officially at least, turned a profit. The last published figures of the Royal

Challengers Bangalore revealed an annual loss of approximately US$1.5 million. It also appears, ironically, that despite the 'made-for-television' format of the IPL, somewhere around forty per cent of franchise revenue still comes from people attending matches (Mishra 2014). For all the monies laid out and the gross television revenues siphoned off by the BCCI, the IPL in 2015 is something of a lopsided new economy.

Troubles at the Board

As we have seen, an intricate web of personal, social, and financial networks and relationships have fuelled and underpinned the rise of the multiple economies that swirl through and about the IPL. The prevalence of family interconnections, complex share redistributions, and shadowy transactions all raise critical questions about the probity not only of the franchises themselves, but ultimately about the complicity of IPL and BCCI management figures. The changing terrain of Indian cricket governance, in tandem with an expanding media economy, is usefully demonstrated by the Jagmohan Dalmiya story. He comes from a prosperous West Bengal Marwari family, and turned his father's business into one of India's leading construction firms (Mitra 2004). A keen youth cricketer, he soon moved into administration, becoming prominent in the Cricket Association of Bengal and joining the BCCI in 1979. Under his leadership, Indian cricket authorities won the right to stage the 1996 World Cup on the subcontinent, but he secured a massive television rights deal that changed the face of international cricket. In short, that single deal made the Board of Control for Cricket the most powerful administrative body in world cricket. That BCCI triumph aligned easily with the country's increasing sway more broadly because of the 'New India' image fostered during the late nineties and into the early twenty-first century. Nonetheless, this was also where serious complications arose for both Indian and world cricket. Two major and interconnected issues go to the heart of India's increasingly problematic world standing in the game: the Indian Premier League and its commercial impact on world cricket, and the broader governance issue that continues to undermine India's international standing.

For the IPL dimension, there is no better model than Narayanaswami Srinivasan who personifies the significance of the all-important personal, business, sporting, and political linkages that generate India's model of

capitalism. Srinivasan inherited one of India's largest cement businesses (again confirming the importance of family capital) and, among other things, became the duly elected president of the BCCI (Bhatia 2014). However, his firm also owns the IPL's Chennai Super Kings. CSK was managed by Srinivasan's son-in-law, Gurunath Meiyappan who subsequently became implicated in IPL match-fixing allegations levelled against test player S. Sreesanth and others, with clear indications the fixing was masterminded by Mumbai underworld boss, Dawood Ibrahim. The Bollywood connection here was provided by actor Vindoo Dara Singh who was also implicated in the betting scam along with Meiyappan and Raj Kundra, part-owner of the Rajasthan Royals (Dixit and Sharma 2013). In February 2014, a court-appointed panel found that Meiyappan had indeed been involved in betting where spot-fixing of matches was involved, and that action should be taken. CSK argued that Meiyappan was not connected to the franchise, but the panel rejected that suggestion. Against his better wishes, Srinivasan stood down as president of the BCCI pending the results of the inquiry conducted by a panel he himself appointed. Perhaps unsurprisingly, that inquiry concluded that Meiyappan had no case to answer, so Srinivasan prepared to return to his powerful position in Indian cricket.

The Mumbai police, however, protested that their own inquiries were incomplete, and the Mumbai High Court ruled subsequently that the BCCI inquiry was invalid, and the Supreme Court upheld that view (Sinha 2013). The irony was that while Srinivasan was suspended, he appointed Jagmohan Dalmiya to serve as interim president, much to the chagrin of figures like Sharad Pawar. Nevertheless, late in 2013 Srinivasan managed to sway the board to accept his version of things as the Supreme Court temporarily cleared him to return. He immediately ensured that Dalmiya was not appointed to any influential position (having previously been tipped to take over control of the IPL). The Supreme Court at that point created an investigatory panel chaired by Justice Mukul Mudgal and included former Indian captain Sourav Ganguly. The panel conducted detailed in-camera discussions with several players and officials and others, and submitted a sealed report to the Supreme Court late in 2014, amidst claims that national players would be accused of illegal betting. The Mudgal report became public early in 2015, and had immediate impact. The report is long and detailed, but certain key findings stand out. Meiyappan and Kundra were deemed as bona fide officials, suggesting

that their betting charges will be framed as insider trading operations. Srinivasan was cleared of criminal activities, but the report declared him to have important conflicts of interest. The Supreme Court ruled that no official involved commercially with the IPL should coterminously hold a BCCI post, so new presidential elections should be held forthwith. This stipulation ruled Srinivasan out of contention, even though he remains as president of the International Cricket Council.

The consequences were immediate. Several familiar names emerged as possible BCCI replacements for Srinivasan in the president's position. Jagmohan Dalmiya and Sharad Pawar supporters counted possible votes immediately. Finance Minister Arun Jaitley was a favourite but declared himself short of available time to take the post. Although younger members of the BCCI touted generational change, it was effectively the same old game. Perhaps the Mudgal report's prime importance is not that it named guilty parties and pointed at possible others, but that it so clearly pointed to the existence of a potentially corrosive condition at the national level that carries such substantial international implications. That international aspect is demonstrated, again, by Srinivasan. Despite being suspended by the BCCI and despite being named in a judicial report as a leading 'name of interest', and subsequently been determined as having a major conflict of interest in cricket matters, Srinivasan became president of the International Cricket Council in mid-2014 and remains there, an indictment on world cricket's governance procedures and its inability to act decisively where the interests of the IPL are involved. The continuing failures of governance within India is reinforced through reconsideration of the Arun Jaitley-chaired BCCI panel that was appointed first to inquire into Lalit Modi's activities, then reconstituted to consider Modi's allegations that the initial finding was biased (Subramanian, S. 2011).

Chirayu Amin, Baroda Cricket Association President, chairperson of a big family pharmaceutical company and former chair of the Federated Indian Chambers of Commerce was one member. Jyotiraditya Scindia was another. Scindia is from the princely family in Gwalior, president of the Madhya Pradesh Cricket Association, and, in 2004, took over his father's seat for Congress and became union minister for industry and commerce. As for Lalit Modi himself, the man who created the IPL on behalf of the BCCI (Subramanian, S. 2011) confirms the power of those intersecting economies. Modi came from yet another wealthy business background with his father's net worth put at around US$5 billion. While studying

at Duke University in the United States, Lalit Modi received a suspended jail sentence for drug trafficking. Once back in India, he soon enabled ESPN to gain television rights to cricket and that set him on the path to the IPL. He was deeply involved in the struggle that led to Sharad Pawar overthrowing Jagmohan Dalmiya, and became a BCCI vice-president in the aftermath. Then came his work on the IPL that turned sour in 2010 in wake of the rise and fall of the Kochi Tuskers franchise and that of the Pune Warriors. The Jaitley panel concluded against Modi who received a life ban from cricket administration. In mid-2014, however, he was elected president of the Rajasthan Cricket Association, further evidence of just how ineffective Indian cricket's internal governance can be. Proving further that loyalties are mutable within labyrinthine networked economies, Modi claimed during the panel proceedings that one business partner in the unsuccessful Pune bid, that lost to Shashi Tharoor's Kochi one, was a Sharad Pawar family company.

Moreover, Modi suggested, one party to the Pawar share was Chirayu Amin, yet another Maharashtrian business tycoon in the pharmaceutical industry, boss of Vadodara cricket and, delightfully, the man directed by the BCCI to replace Modi and clean up the IPL mess. Amin acknowledged his role but declared it all above board. Pawar and his daughter Supriya remained adamant that their 'company' bid was simply an initiative by their manager in his own right, but legal commentators and others cast serious doubt on that defence. Doubts intensified when, in a later twist, Pawar admitted that the family business held a share in the Royal Challengers (Bangalore) IPL franchise, courtesy of a stake in Vijay Mallya's Kingfisher conglomerate that owned the franchise. While no one suggests illegality in these arrangements, there are serious doubts about such a prominent cricket and political figure keeping news of that share quiet, effectively concealing yet another serious conflict of interest, and a further failure in governance. Ultimately, the byzantine environment for the oversight of cricket in India arose out of a complex interlinking and overlapping of a myriad of interested individuals, groups, and companies drawing on the cricket, business, political, and personal economies that had emerged in India over the preceding twenty years or so. These tendencies were so powerfully amplified by the IPL machine that these networks began to break down entirely as their contradictions became glaringly apparent, only for it to be found, for the interests of all concerned, that they were 'too big to fail'.

Cricket as a Networked Economy

These Indian scene subtleties are central to reaching a full understanding of how the BCCI and the IPL operate as networked economies. The foundation principle is that cricket matters, especially those relating to the IPL, are resolved as much by personal, political, and business interests as by the requirements of the league itself. The larger point is that the role of influence, politics, and capital inside Indian cricket has increased dramatically over the past decade, and is now driven almost entirely by the IPL. In part, this reflects the vast resources mobilized in the creation of the league franchises. To achieve this scale, new money has linked hands with old money. The vast income streams made possible by commercial media outlets have come with an everyday link to politics that goes beyond the already politicized process of appointing the boards that govern sport. Direct investment from private media concerns itself confirms the increasing cross-ownership of media interests with other businesses, this being an obvious characteristic of India's new economy. In all these tie-ups, a substantial portion of India's 'big money' is concentrated in the IPL, hardly surprising given the eye-watering sums of money required in its operation. When all those big numbers are removed, however, BBCI and IPL governance continues to rest uneasily with a small set of tightly-knit networks of business tycoons, politicians, and their extended families.

It might be argued that things were ever thus in India, but since these various channels became flooded with IPL largesse, the spillover effect has spread quickly across the world and severely eroded the governance structures of global cricket. Thus, while the changes inside India have been considerable, perhaps the bigger impact has been on global cricket governance, where the International Cricket Council has struggled to cope with post-IPL conditions. The disproportionate muscle of the IPL and BCCI has revolutionized world cricket by challenging traditional governance, playing schedules, and even the treatment of and performance by players. The IPL enmeshes business and politics in unprecedented ways, and challenges the attitudes and approaches adopted towards this change by other major cricketing entities. The consequences of this paradigm shift have brought further challenges for India in wider global spheres, as Indian practice interacts directly with other networks and practices of governance, sometimes uncomfortably. How that plays out from here has meaning and significance not only for cricket and India, but

also for the way the rest of the world regards India. The added dimension is that Indian cricket now has such inexorable ties into all those other global economies that comparisons across practice are inevitably made at the global level. One consequence of this fact is that the tangled story of how India came to dominate the game of cricket globally spills over, rightly or wrongly, into wider world perceptions about India's governance, business, and development generally.

4

Douglas Hill and *Adrian Athique*

The Role of Offshore Financial Centres in Indian Telecoms*

The media economy has continued to attract plaudits as one of the most dynamic manifestations of India's turn towards a more neo-liberal economic policy. The high visibility and seeming ubiquity of satellite television, cell phones, and multiplex cinemas, at least in metropolitan centres and well-linked *mofussil* towns, suggests that changes in the media economy have irrevocably changed both the economic and social landscape of the country. On the surface at least, the highly corporatized conglomerates that now dominate many subsectors of the media economy appear vastly different from their industrial equivalents during the mixed-economy era. At both a symbolic and functional level, these new entities are testimony to the extent of the transformation that has occurred during the era of economic liberalization. A notable feature of this changed landscape is the presence of foreign investment, which has often been taken as proof positive of an India that has become 'open for business'. However, as we will see in this chapter, while foreign direct investment (FDI) and foreign institutional investment (FII) are frequently celebrated by advocates (and maligned by opponents) of globalization, the exact dimensions of their role in the transformation of India's media economy remains somewhat unclear.

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The focus in this chapter, therefore, is analysing the 'actually existing' economy of foreign investment in the media economy, taking the telecommunications sector as our example. While often spoken about as if they were the same, it is useful to distinguish between foreign direct investment and foreign institutional investment. FDI is typically characterized as committed for longer periods of time and its benefits in terms of technological transfer or expertise is assumed to be much greater than FII. FII has a stronger speculative component to it and often moves in and out of companies, and indeed countries, in search of quick returns (Parthasarathi 2011). In both of these functions, the infusion of FDI and FII has certainly contributed to the growth and transformation of the telecommunications sector, just as it has with cinema exhibition and distribution, cable television, and print media. However, while the entry of institutional capital from outside of India through offshore financial centres has been vital to the headline growth (and 'headline' status) of the media economy, there is some contention about the extent to which this investment is genuine foreign investment or whether it is (at least in part) illegal financial flows that are coming out of India's black economy before 'round-tripping' back into the media economy via offshore centres.

In order to set the ground, we will begin with a critique of what might be considered the orthodox approaches to studying media economy in India. In advancing an alternative approach, we will seek to analyse the contribution of foreign investment to the telecommunications sector, the second largest in the world, as a way to advance this argument. Inevitably, we have to consider two recent controversies, namely the purchase of Hutchison by Vodafone and the 2G spectrum allocation. These well-known scandals thereby serve as a jumping off point for a more wide-ranging consideration of offshore financial centres in the media economy in general, grounded by an analysis of offshore flows in the telecommunications sector specifically. Within this account, the findings of an investigation into the corporate structure of the four largest cellular phone/telecommunications companies is undeniably illustrative. As we attempt to probe deeper into the corporate structure of these companies to see what they reveal about where foreign investment is coming from and the purposes it is being put to, an array of empirical obstacles are encountered. This is itself hardly surprising, given the wilful opacity through which international finance operates in a globalized world.

Accordingly, the final section of this chapter analyses both the findings and the 'gaps', reflecting on their mutual implications for a genuine understanding of India's media economy.

India's Media Economy: The Limitations of Orthodoxy

The breadth of the transformations that have taken place in India's media economy is widely acknowledged in a variety of different commentaries (for example, Athique 2012; Booth and Shope 2013; Jeffrey 2000; Punathambekar 2013). Certainly, there is a body of empirical information that is already readily available for those interested in understanding India's media economy, including data related to foreign inflows (Kohli-Khandekar 2014). Academics, journalists, and market researchers can aggregate or decompose data on the flows of investment, dwell on changes in these flows over specific time periods, and postulate the connections to changing regulatory conditions (Parthasarathi et al. 2013). Similarly, one can read an ongoing series of reports from industry groups, such as FICCI, or the ubiquitous global consultancies such as PWC or KPMG that document the potential of the Indian market and unfolding 'progress' of the various media sectors in their annual reports (FICCI-KPMG 2015; PWC 2014). From the various sources on offer, one might glean something of the constraints in purchasing power in many parts of the country, the pivotal role of digitization in altering market dynamics, or even the inherent difficulties that limited infrastructure provision or problematic land acquisition might have for ambitious agendas being set for further expansion. Alternatively, one can read reports from media regulators, such as the Telecom Regulatory Authority of India (TRAI), that detail sectoral foreign investment caps, the various conditions in the operation of the telecommunications industry related to investment, (TRAI 2005, 2011). On occasion, these include some rare, but welcome, discussions of monopolistic tendencies (TRAI 2013).

Beyond these 'official' sources, India's expanding circus of twenty-four-hour television and popular magazines is regularly filled with breathless commentaries on the spectacle of the growth of the media economy, unfolding fables of mergers and acquisitions, aspirational tie-ups with foreign conglomerations, and new brand ambassadors from the glamorous pantheons of cricket or Bollywood. To see beyond the headlines of the 'new economy', we need to establish both why and how

an interdisciplinary and well-contextualized approach can allow us to better understand India's 'actually existing' media businesses. In particular, this chapter seeks to advance the proposition that an analytical gap presently exists with regards to how political economists can practicably assess foreign inflows into the media economy. This is not to say that there is not considerable worth in orthodox approaches to detailing the role of foreign investment in the media sector. Certainly, we must continue to be attentive to the regulatory environment, especially as it relates to taxation. As fundamental basic research, we must track changes in foreign investment inflows over time. These are necessary, but not sufficient, approaches to understanding India's actually existing media economy and the contribution of foreign investment to its operating logics. To assess the picture with more clarity, we must seek to comprehend how these shifts in the flows of capital emerge from economic interactions with second- and third-party countries, from common cause and competition between domestic media houses, from the competing jurisdictions and interests of regulators, from the over-lapping interests of allied businesses, and an array of other actors.

Learning from Scandal: Vodafone and 2G

There have been several recent moments in the transformation of India's media economy that have provided an entrée into these more substantive questions. Indeed, the new era of liberalized media economy has been notable as both carrier and source of a range of financial scandals that have highlighted the close connections between the growth of the media economy, inducements to major political figures, and the alleged involvement of black money (Kumar 2013). Just recently, the allocation of 3G licenses has led to further allegations of collusion and anti-competitive behaviour amongst the major telecommunication players (Bafna 2013; TRAI 2006b). It is therefore worth discussing two particularly pertinent scandals, namely the Vodafone acquisition of Hutchison Essar in 2007 and the allocation of 2G spectrum licenses in 2008.

The Vodafone Case

The earliest controversy regarding so-called 'tax havens', telcos, and the Indian media economy was the so-called 'Vodafone case'. Between 1992

and 2006, the Hutchison group made substantial investments in the telecommunications industry in India, largely through subsidiaries based in the Cayman Islands, British Virgin Islands, and Mauritius. Each of these subsidiaries had a 'separate corporate personality' from the parent company that was based in Hong Kong (Ministry of Finance 2012). When a controlling stake of Hutchison Essar Ltd. was acquired by Vodafone in 2007, it was done through the Hutchison subsidiary based in the Cayman Islands. In turn, the Vodafone subsidiary that acquired Hutchison Essar Ltd was registered in the Netherlands (Singhvi 2014). As such, even though ostensibly the company being acquired was an Indian mobile phone company, the transaction was carried out entirely between two offshore financial centres. As Vidya Bala (2012) notes, 'There were multiple layers between the Indian company and the ultimate owners' of the Hutchison Essar business. On the other side, the Netherlands-based Vodafone International made the purchase via the Cayman Islands and a Mauritian subsidiary of Hutchison. As such, the Indian company was not itself involved in the transaction per se. As a consequence, the Government of India (GOI) was unable to tax the capital gains on Hutchison's US$11 billion profit, which the GOI estimated to be a lost revenue of US$2.2 billion principal (*Telegraph* 2016).

In this case, the dispute necessarily hinged on questions of economic territory, tax jurisdiction, and domicile. The Vodafone case was important in this regard because it brought into focus the enlarged role of third-party jurisdictions in the dealings of corporate India. Because a significant foreign capital interest was involved, the extent to which foreign investment could enter India's media economy and to which assets in India could be transferred without being liable for capital gains tax in that country certainly caused a stir. The Income Tax Department was motivated to act to recover the 'lost' revenues of US$2.2 billion in capital gains tax plus interest, not from the Indian vendor but from the foreign buyer, namely Vodafone International. To this indemnity, a penalty of 100 per cent was added, bringing the potential liability to US$4.4 billion. The Bombay High Court ruled in favour of Vodafone's tax liability and collected an interim payment of US$250 million. However, on appeal, India's Supreme Court subsequently ruled in Vodafone's favour in 2012, on the grounds that the offshore transaction was neither illegal nor subject to Indian jurisdiction. A further set of related cases followed, with the IT Department charging Vodafone in 2011 and 2013 with

tax liabilities in relation to the valuation of assets transferred within the Vodafone Group of Companies (known as transfer pricing). These cases were found in Vodafone's favour at the Bombay High Court in 2014 and 2015 (Mishra 2015).

In the original capital gains tax (CGT) case in 2012, the Supreme Court found that the 'upstream company formed by the Hutchison Group was in place since the 1990s and clearly was not formed for the purpose of this sale' since they had been using their offshore subsidiary to bring investment into India throughout that period (Bala 2012). As such, the complex structures involved could not be proved to have been created for the principal purpose of avoiding the capital gains tax. As the acquirer, Vodafone further argued that it was not making any capital gains on its purchase of the Hutchison assets, which also included debt liabilities of the Hutchison Group. Not to be deterred, the GOI subsequently changed India's tax laws to make such transactions liable to capital gains tax later in that same year, with the new regulations to be applied retrospectively. The benefits of this retrospective taxation have been estimated to be US$82.8 billion (Beniwal and Philip 2016). This controversial move has brought the Vodafone CGT case back to life, with Vodafone subsequently contesting the validity of the retrospective legislation and calling for international arbitration of the dispute (*BBC* 2014). Early in 2016, the finance minister Arun Jaitley offered Vodafone an amnesty on the interest, fees, and penalties involved in the case, provided the original demand of US$2.2 billion was paid to the IT Department (Asthana 2016). Vodafone has not declined the offer, but continues to push for international arbitration.

The 2G Spectrum Scandal

While the Vodafone case has caught the attention of those concerned with economic sovereignty, the domestic political implications were probably not as significant as the so-called '2G scandal' which involved the allocation of mobile spectrum licenses. Here, it was alleged that the GOI knowingly undercharged telecommunications companies for frequency allocation licenses during the time when A. Raja was minister for communications and IT in the Congress-led government of Manmohan Singh. In terms of the technical estate, there are 281 zonal licenses that are allotted to an operator as per the telecom policy of India. Of these,

122 second-generation licenses were sold on a first-come first-served basis. When these assets were allocated in 2008, the prices arrived at were based on 2001 assessments that effectively discounted the enormous growth in the Indian mobile market during that decade (CAG 2012). These discounts were thus of immediate value to those acquiring licenses and, arguably, at the expense of the tax-paying public and the Government of India. In 2011, the Central Bureau of Investigation (CBI) conducted investigations in Mauritius concentrating on twelve companies that were thought to be involved in speculative acquisitions of 2G spectrum, ten of which shared the same address in Les Cascades building in that country's capital, Port Louis (Bamzai and Singh 2011). In 2012, the Supreme Court was moved to quash all of the 2G license awards and to fine several of the companies involved. It did so on the basis that these transactions represented significant and intentional undervaluing and that the allocation was conducted in an illegal and fraudulent manner (*BBC* 2010, 2012b).

The CBI alleged that both Swan Telecom and Unitech were granted licences, even though neither company was eligible. Both companies had subsequently sold on their shares not long after the licences were granted. Further, the CBI alleges that Swan Telecom was merely a front company for Reliance Telecom, which had sold its 9.1 per cent stake to Delphi for Rs 10 crore, considerably below the market rate. Senior executives from Reliance, Unitech, and Swan Telecom are all facing charges for criminal conspiracy, cheating, and forgery related to this scandal. However, the CBI's attempts to establish whether there was any illegality in subsequently transferring the profits of these transactions to Switzerland have been frustrated. The 2G scandal thereby brought to light elements of the Mauritius corporate structure and how the use of protected cell companies (PCCs) wilfully complicates an understanding of the financial interests involved. The PCC takes its name from the fact that the shell company is organized in a manner which is reminiscent of cellular structure in that each investor is allocated a different 'cell' within the company which may be ring-fenced from the activities of the other cells of different investors (Feetham and Jones 2010). Thus, when Anil Ambani's ADAG channelled investments into Reliance Communications, it did so through Pluri Emerging Companies Cell E (Subramanian, N.S. 2011). Sachin Karpe, who was formerly head of Asia II wealth management desk at UBS, was himself fined £1.25 million by Britain's Financial Services Authority because he attempted to set up a vehicle by which ADAG

could invest in Indian securities, even though it is illegal under Indian law for Indian citizens to invest as foreign institutional investors.

Lines of Enquiry

There have undoubtedly been repercussions from both these cases. The Vodafone case made some people question whether global corporations should be able to repatriate profits or divert liabilities out of India. This question arguably played into the reservations of both the Left and the corporate swadeshi lobbies. The judicial activism that followed can thus be seen as part of an ongoing dialogue about the kind of regulatory environment that would combat these practices, while simultaneously allowing India to engage with and benefit from financial flows at play in the global economy. The 2G scandal, by comparison, focused greater attention upon large-scale corruption between corporate India and elected officials, but it also demonstrated the extent to which tax havens such as Mauritius could be used by Indian corporates and media barons to obfuscate their profits and losses. What the fall-out from the 2G scandal demonstrated in practical terms is that there is a genuine lack of understanding of how the financial structures of offshore media companies have been arranged. The 'undue complexity' encountered by the CBI investigation made it evident that the structuring of those companies is likely to be intentionally arranged to obscure the relationship between different entities involved in a single company. Thus, in substantive ways, the two major scandals of the telecommunications industry have highlighted the role of offshore financial centres as a controversial component of FDI strategies in India's media economy.

Debates around Foreign Investment

To date, there has been no sustained investigation into whether such patterns of investment can be found across the various media sectors. At present, there are different conditions set on different parts of the media economy with regards to permissible levels of foreign investment. In keeping with, and to some extent as a test bed for, the Government of India's approach to liberalization, foreign investment in the media sectors has been opened up incrementally over a twenty-year period. This strategic approach has allowed strong domestic players to emerge,

who have benefitted from this evolving balance between access to foreign capital and expertise and the restriction of direct competition from those multinational players. As a consequence, part of the regulatory environment of different media sectors relates explicitly to different sectoral limits that are still maintained in terms of FII and FDI, whether it is in broadcasting, print, media, film, advertising, or other media sectors (Kohli-Khandekar 2014). As of now, foreign investment regulations have been liberalized to the greatest extent in terms of films, music, and certain aspects of the print media, particularly related to the reproduction of foreign magazines, journals, and newspapers. All of these areas are now open to interests with 100 per cent FDI. Greater limitations remain in place for broadcasting, particularly with regards to news providers, where FDI is currently capped at 26 per cent, but also with regards to cable television networks and Direct to Home (DTH) services. In recent years, the government has sought to increase the sectoral limits for entertainment television, with DTH and IP television having their FDI limits raised from 49 per cent to 74 per cent (Kohli-Khandekar 2014). One of the outcomes of restricted entry through such quotas has been the proliferation of wholly owned foreign subsidiaries that operate alongside, or in direct competition with, sanctioned joint ventures (Mukherjee and Sengupta 2002).

So, in the media sectors as a whole, where is the greatest proportion of this foreign investment coming from? When looking at which countries have contributed to FDI into India, what is immediately striking is the significance of Mauritius. For many years now, the small Indian Ocean island state of Mauritius has held the predominant position with regards to FDI inflows destined for India. Indeed, throughout the liberalization era, Mauritius has accounted for more than 50 per cent of India's total FDI inflows. At one level, it is clearly anomalous that Mauritius is a more substantial international investor when it comes to India than are the USA, UK, Germany, France, and Japan combined. The answer to this conundrum is found at the next level, where it is understood that Mauritius has become an important hub for the transshipment of capital because of the long-standing existence of a double taxation avoidance agreement (DTAA) with India. The significance of this treaty is that the profits on investments made in one country (India) will be taxed in the country of the investor's origin (Mauritius) rather than where the investment actually takes place. In practice, what this has meant is that

Table 4.1 Sources of Foreign Direct Investment into India, 2014

Rank	Country	Cumulative FDI Inflow (April 2000–May 2010) (US$ Million)	% of Total Inflow
1	Mauritius	48,534	42
2	Singapore	11,044	10
3	USA	8,456	7
4	UK	5,996	5
5	Netherlands	4,785	4
6	Japan	4,083	4
7	Cyprus	3,952	4
8	Germany	2,829	2
9	France	1,593	1
10	UAE	1,559	1

Source: Data from Magalmani and Banashankari (2014).

companies that are domiciled in Mauritius for tax purposes but operating in India are taxed at less than 3 per cent on capital gains. This jurisdictional advantage has long been a point of controversy within India, but periodic attempts to alter the terms of this treaty have met with stout resistance from the Mauritian government.

A taxation treaty between India and Mauritius existed during the colonial period. When Mauritius became independent from Britain in 1968, this treaty was abandoned, and a replacement was not successfully negotiated until 1982 (on the Mauritian economy, see Dabee and Greenaway [2001]; Mishra [2009]). Originally, it was imagined that this treaty would be largely beneficial for Indian capital investing into parts of Africa, but with the economic changes that took place in India from 1991, the treaty assumed a new impetus as Mauritius became a preferred route for channelling money into India. Given the fact that the disparity in capital gains tax favours a Mauritian domicile, and DTAA places investments beyond the purview of Indian taxation, it is widely recognized that a great deal of tax revenue is foregone every year. As such, there have been several challenges to the Indo-Mauritius DTAA from within India. Amidst the furore around the Vodafone case, India's Central Board of Direct Taxes issued a circular that stated that even if the original providence of foreign investment was unknown, a Mauritian certificate of residency was considered sufficient evidence of residency for the purposes

of qualifying for the conditions of the Indo-Mauritian DTAA. There was considerable public outrage following the issuing of this circular and public interest litigation was launched, resulting in a case launched by Azadi Bachao Andolan in the High Court. Nonetheless, the court ruled that the question of Mauritian residency was *ultra vires*, meaning that it was outside the power of the court since the matter was in the jurisdiction of Mauritius.

While Mauritius continues to be the most important source of foreign investment into India, Singapore has grown in importance as another important trajectory for FDI in recent years. There is an important difference between the two jurisdictions with regards to their double taxation agreements with India. The agreement with Singapore contains a limitations of benefit (LOB) clause which has stronger conditions as to who qualifies as a genuine resident of Singapore for tax purposes if they are to be exempt from India's capital gains tax. These provisions are intended to promote genuine investment in India, rather than allowing Singapore to operate predominantly as a conduit through the use of shell companies, as is often the case in Mauritius. It should be noted that there are also now moves afoot to include similar provisions in the DTAA that India is revising with Mauritius (Global Finance Mauritius 2015). Clearly these are large and complex issues that pertain to India's economy in general, but is important to recognize that the use of offshore financial centres has been a significant yet often overlooked factor in the rise of India's media economy specifically. Further, as we can see from the table below, the telecommunications sector has in and of itself been amongst the most significant destinations for FDI channelled through Mauritius.

Clearly then, any analysis of foreign investment in telecommunications (or any other sector in the media economy) should include analysis of the enabling role of offshore financial centres or jurisdictions we might classify as 'tax havens'. There is no universally agreed definition, however, on the category of tax havens and, because of this, the countries or cities that may be included in a list of these kinds of economic jurisdictions tends to vary. For the purposes of this essay, I will follow the lead of Gravelle (2015) who proposes an open definition 'any low tax country that has a goal of attracting capital', while also noting a more restrictive definition that places emphasis on characteristics such as 'lack of transparency, bank secrecy and lack of legal information, and requiring little or no economic

Table 4.2 Top 10 FDI Equity Inflow Cases from Mauritius, April 2000 to January 2011

SI No.	Indian Company	FDI Route	Foreign Collaborator	RBI Regional Office	Item of Manufacture	Amount of FDI Inflows	
						Rupees (crores)	US$ (millions)
1	Idea Cellular Ltd.	RBI	TMI Mauritius Ltd.	Ahmedabad	Telephone Communication Services	7,294.8	1,600.95
2	I Flex Solutions Ltd.	RBI	Oracle Globus (Mauritius) Ltd.	Not Indicated	Software Development	4,805.58	1,083.99
3	India Debt Management Ltd.	RBI	Mauritius Debt Management Ltd.	Mumbai	Commercial Loan Companies Activities	3,800	956.39
4	Bhaik Infotel P. Ltd.	FIPB	Vodafone Mauritius Ltd.	New Delhi	Telephone Communication Services	3,268.12	801.37
5	Etilsat DB Telecom P. Ltd.	RBI	Etisalat Mauritius Ltd.	Mumbai	Telephone Communication Services	3,228.45	667.93
6	Housing Development Finance Corp. Ltd.	RBI	CMP Asia Ltd.	Mumbai	Housing Finance Companies	2,638.25	653.74
7	I Flex Solutions Ltd.	FIPB	Oracle globus (Mauritius) Ltd.	Not Indicated	IT to Financial Service Industry	2,578.88	563.94

(Cont'd)

Table 4.2 (*Cont'd*)

SI No.	Indian Company	FDI Route	Foreign Collaborator	RBI Regional Office	Item of Manufacture	Amount of FDI Inflows	
						Rupees (crores)	US$ (millions)
8	DSP Merill Lynch Ltd.	RBI	Merill Lynch (Mauritius) Ltd.	Not Indicated	Financial Services Provider	2,230.02	483.55
9	Dabhol Power Company Ltd.	FIPB		Mumbai		2,160.35	450.07
10	Aditya Birla Telecom Ltd.	FIPB	PS Asia Holding Investment (Mauritius)	Mumbai	Telephone Communication Services	2,098.25	419.13
Grand Totals						**34,102.36**	**7,681.06**

Source: Data from Government of India (2011).

activity from entity to obtain legal status.' The former would likely include several major national economies, whereas the latter becomes restricted at least to centres of international finance. Even here, there is further definitional ambiguity around whether tax havens are the same as the more benign sounding offshore financial centres (OFC) (Firman and Andreas 1999; OECD 2000; Young 2012). This is an international, rather than a specifically Indian, quandary since it is estimated by the Bank of International Settlements that, by the early 1990s, almost half of all international loans and one third of all FDI has been channelled through jurisdictions that we may consider to be tax havens (Johannesen and Zucman 2014; UNCTAD 2015). For those with more than a technical interest, the debates around the use of tax havens are complicated by the fact that we may regard some financial transactions as unethical from a certain moral standpoint. They may nevertheless be entirely legal from the perspective of existing laws governing the flows of money between India and those countries with which it has treaties.

Debates around Not-So-Foreign Investment

Given the disparity between the size of the Mauritian economy and its premier position as India's leading source of FDI, it evident that it serves as a financial channel for third-party investment, as was the case with the Vodafone purchase. However, what also becomes apparent from the available data is the number of Mauritius-based foreign investors that are themselves subsidiaries of Indian concerns. This might lead us to assume, reasonably enough, that this channel is also being employed for the 'round tripping' of funds from India, whose ultimate destination is India itself. We can speculate usefully on such a mechanism, and its underlying rationale, although in practice there is very little available information on exactly where foreign investment flows end up, how long they stay in the receiving organization before moving elsewhere, the purposes to which they are put, and the conditions under which they subsequently leave the country (Chandrasekhar 2014). Because of this uncertainty, one may know much about the major players in the telecommunications sector and yet perceive very little about how these major companies are structured for tax purposes. Consequently, it becomes impossible to discern what these structures might conceal and the extent to which these obfuscations are sanctioned by existing regulations and policy.

Given this lack of transparency, we cannot establish where in the world the FDI invested in the media economy comes from, nor whether that money is being transferred from legitimate foreign institutional investors or whether it is instead capital originating from within India and 'round-tripped' through these money channels, in the process taking on the appearance of legitimate foreign investment (Kumar 2000). In this respect, it is instructive to recall the assertion of the Ministry of Finance's *White Paper on Black Money* (2012), which after noting the revelations of the Vodafone case, argues that corporate ownership structures are primarily of vital concern in investigating the role of 'black money' in the contemporary Indian economy.

> With increasing realisation about the harmful effect of ownership being concealed behind complicated corporate ownership structure, such structure is coming under scrutiny. In the Indian context, it is one of the reasons for the fact that tax authorities are not able to take action in cases where money is prima facie brought back to India through round tripping and other legitimate means. (Ministry of Finance 2012, 18)

Given that this is a widely and officially recognized factor, we might argue that even though the GOI recognizes such activities as being associated with the use of offshore financial centres such as Mauritius, there has been little substantive movement on stopping the use of participatory notes (PN) or other instruments that actively promote the exploitation of OFC's for money circulation. A participatory note is a derivative instrument issued in foreign jurisdictions, by a foreign institutional investor (FII) (or its sub-accounts or one of its associates) against underlying Indian securities. PNs are popular among foreign investors since they allow these investors to earn returns on investment in the Indian market without undergoing the significant cost and time implications of directly investing in India. These instruments are traded overseas outside the direct purview of SEBI surveillance thereby raising many apprehensions about the ownership and nature of funds invested in these instruments (Dutta 2014). Concerns have been raised that some of the money coming into the market via PNs could be the considerable unaccounted wealth of India itself, conveniently camouflaged under the guise of FII investment. As a matter of priority, SEBI has been taking measures to ensure that PNs are not used 'as conduits for black money or terrorist funding' (Ministry of Finance 2012, 9). Thus, it is the possible

source of funding, rather than the instrument, which comes under scrutiny. By this approach, the selective investigation of 'round-tripping' infers that the broader practice itself is well tolerated.

The convergence of tax havens and black money was a significant electoral platform in the last election, with the BJP making considerable mileage from its assertions about repatriating black money supposedly stashed in Swiss bank accounts. However, this image is largely a misnomer, since black money is much more likely to be mobile and seeking investment opportunities than it is to be sitting around in the banking sector (which is hardly a popular proposition in the post-2008 era). Given the fact that India's media economy has had substantive infusions of foreign investment in recent years and that, historically, black money has been concentrated in many of these sectors, one might assume that the possibilities of round-tripped money would be a matter of obvious concern. As Kaushik Basu from the World Bank has recently noted, the scale of black money in India is so vast that it has effectively shielded India's banking sector from the repercussions of the global financial crisis and subsequent recession (*BBC* 2016). In 2005, Arun Kumar (2005) estimated black money transactions at 40 per cent GDP and rising. This money is not uniformly 'black', much of it is untaxed wealth from the informal sector, which is only one step removed from the institutionalized tax avoidance provided for multinationals via the DTAA. Some of it, however, is derived from criminal activities, which is where the interest of India's regulators is naturally concentrated. It seems highly likely that the offshore financial centres provide a meeting point for all these different shades of finance, and therefore a crucial mechanism for connecting India's formal and informal economies. Beyond this, the 'round-tripping' of legitimate funds from India via FDI channels may not involve anything illegal at all, but would be unlikely to occur if some financial advantage was not being conferred upon the sending and receiving company (or companies).

Case Study: Foreign Investment in India's Telecommunications Sector

The two telecoms scandals from which we began had substantive connections to the money channel in Mauritius, thereby drawing attention (albeit in different ways) to the co-habitation of two trouble-spots of the liberalization era, namely corporate tax avoidance and the

Table 4.3 Country-wise FDI Equity Inflows, April 2000 to May 2011 in the Telecommunications Sector

S. No.	Country	Foreign Direct Investment Inflows		% of Total Inflows
		Rupees (Crores)	US$ (Millions)	
1	Mauritius	54,257.21	11,239.94	64.52
2	Singapore	18,372.39	3,356.50	19.27
3	Russia	4,601.19	846.31	4.86
4	USA	1,554.63	324.30	1.86
5	Japan	1,568.26	320.53	1.84
6	Cyprus	1,186.64	253.00	1.45

Source: Data from Government of India (2015).

circulation of opaque capital. Having illustrated this wider backdrop, we shall use the remainder of this chapter to present a brief account of foreign investment in the telecoms sector. As an industry with high levels of technological innovation and global interconnectivity, telecoms should be an obvious and highly illustrative case of foreign investment channels. With more than one billion subscribers, India's telecommunications industry is commonly touted as one of the major successes of economic liberalization. Historically, state-owned Bharat Sanchar Nigam Ltd. (BSNL) had a monopoly on fixed line telephony. As a direct consequence of liberalization in this sector and the introduction of cellular technologies, almost the entire telecommunications sector is composed of the wireless segment (97.36 per cent) (IBEF 2016). The sector has experienced rapid growth, with increasing teledensity and penetration into rural areas that historically lagged behind urban centres. The economics of the industry are conditioned by the fact that this is a technologically intensive industry. There are significant barriers to entry for new competitors, who need to compete with established players around license fees, tower rents, and network maintenance costs.

Perhaps unsurprisingly, then, the sector is now fairly oligopolistic with the fallout from competitive pressures and a major reorientation following the 2G scandal reducing the number of players from fifteen down to around seven major firms. There is no doubt that there are strong connections between the transformation of the industry and policy changes that

Table 4.4 Major Concerns in Indian Telecoms, September 2014

Rank	Operator	Subscribers (millions)	Ownership	% Market Share
1	Bharti Airtel	215	Bharti Enterprises (64.76%) Singtel (32%) Vodafone (4.4%)	22.74
2	Vodafone India	173.8	Vodafone Group (100%)	18.69
3	Idea Cellular	143.5	Aditya Birla (49.5%) Axiata Group Berhad (19.96%)	15.43
4	Reliance Communications	110	Reliance ADAG (67%) Public (26%)	11.84

Source: Data from TRAI (2014).

have allowed the increased flow of foreign capital. As Mukherji (2008, 2009) has noted, the early period of the liberalization period saw the GOI take deliberate steps to increase the inflow of foreign capital into the telecommunications industry. While there was some disagreement between ministries about the wisdom of moving away from a state monopoly towards a private-sector model, ultimately the government incrementally moved towards a liberalized telecommunications sector, with the creation of a new regulatory apparatus. It was the first Centre-left UPA government that undertook the series of decisive changes between November 2005 and February 2006 that facilitated the entry of foreign capital into the by-then bourgeoning mobile phone sector. Significant parallel changes in regulation during that time included the decision to reduce the access deficit charge, reduce long-distance license fees, and increase the foreign investment equity limit from 49 to 74 per cent (Sridhar 2011). Following these changes, the industry grew even more rapidly. In 2013, 100 per cent FDI in telecommunications was allowed for the first time. In order to give a sense of the magnitude of investment coming into the sector, Table 4.3 outlines FDI equity inflows into the telecommunications sector during the past fifteen years.

Very obviously, Mauritius and Singapore serve as the nominal origins for the vast majority of FDI equity inflow. Indeed, such is the dominance of Mauritius in the percentage of inflows that it is undeniable that offshore centres have played a critical role in regards to foreign investment in

the telecommunications sector. Following our discussion so far, it should be equally clear that when we look into these numbers, what we are really seeing is where subsidiaries are domiciled for tax purposes (such as Singapore, Mauritius, Netherland Antilles, and so on), rather than where the money is actually coming from. Thus, for any meaningful analysis of foreign investment mechanisms in India's telecoms sector, an interrogation of the corporate structures of the companies involved is the next logical step on the research agenda. This should allow us to understand whether majority of companies use these routes equally and/or similarly or by contrast, whether these headline FDI figures are simply a reflection of a small number of very large transactions. To undertake this structural analysis, we need to first understand to something about the major players in telecommunications. Unlike the chaotic and fragmented film industry, for example, the telecoms sector is dominated by just a handful of major corporations. Given its large-scale and oligopolistic character, we can also proceed from the assumption that the scale of capital is sufficient to place the foreign investment relationship beyond the reach of the 'gangster capital' upon which SEBI's interests in this money channel are focused.

As it now stands, the telecoms sector is dominated by four main operators, namely, Bharti Airtel, Vodafone India, Idea Cellular, and Reliance Communications. In addition to the merging and exchange of many companies as the industry has consolidated, the remaining firms have begun to change their operational strategies by outsourcing many of their functions across the industry. For example, Bharti has outsourced its telecom equipment network, IT, customer service distribution, and passive infrastructure and Indus Towers has now taken over the provision of passive infrastructure for Bharti, Airtel, Vodafone, and Idea. On the face of it, then, in terms of understanding the dynamics of the relationship between major players and foreign investment flows, telecommunications should be a comparatively easy sector to analyse. At the same time, the telecoms sector has been a characteristically volatile 'sunrise' industry in terms of the rising and falling fortunes of different companies over the past two decades.

Over this period, there has been increasing consolidation within the market, and this has shaped the dimensions of the sector as we now find it. Table 4.5 illustrates this history of consolidation.

For our present purposes of an indicative study, our research team began to look into the sources of FDI into the major publicly listed companies. We categorized investment sources in a conventional sense,

Table 4.5 Major Merger and Acquisitions Deals in Telecoms, 1998–2006

Company/Service Name	% Stake Sold	Buyer	Seller	Year	Deal Size ($US)	Indicative Enterprise Value ($US)
Orange, Mumbai	41	Hutchison Group, Hong Kong	Max Group, Delhi	1998	560mn	1.36bn
Command Cellular, Calcutta	100	Hutchison & Indian Group	Usha Martin & Others	2000	N/A	138mn
Modi Telestra, Calcutta	100	Bharti Group, India	BK Modi and Telestra	2000	N/A	160mn
Reliance CDMA	N/A	Qualcomm, San Diego, US	Reliance Infocomm	2002	1.15bn	N/A
Aircel, Chennai	79.24	Sterling Group, Chennai	RPG Group	2003	2.1bn	N/A
Hutch Essar	3.17	Essar Group	Max India	2005	146mn	N/A
Idea Cellular	48.14	Aditya Birla Group	Tata Group	2005	N/A	2bn
BPL Mobile and BPL Cellular	N/A	Promoters		2005	1.15bn	N/A
Bharti	9.3	Private Investors	Warburg Pincus	N/A	873mn	N/A
Bharti Airtel	10	Vodafone	Bharti Group	2005	1.5bn	16bn
Aircel, TN, Chennai and NE	74	Maxis, Malaysia	Sterling Group	2006	750mn	1.07bn
Spice, Punjab and Bangalore	49	Telekom, Malaysia	N/A	2006	178mn	363mn
Hutch India	8.33	Max India	Kotak Mahindra, India	2006	225mn	N/A
Hutch Essar, India	5.1	Hutchison Group, Hong Kong	Hinduja	2006	450mn	9bn

Source: Data from Banka (2006).

Table 4.6 Public Shareholdings of Major Indian Telecoms Companies, 2015

	Bharti Airtel Ltd.		Idea Cellular Ltd.		Reliance Communications Ltd.	
Holders	Shares	%Holding	Shares	%Holding	Shares	%Holding
Promoters	1757375228	43.96	1520679047	42.24	146496844	58.85
Foreign Promoter	885673286	21.66	–	–	–	–
Foreign Institutions	712380237	17.82	866705054	24.07	526763519	21.16
Others	323735096	8.1	969322805	26.92	50230874	2.02
Financial Institutions	189129585	4.73	128909888	3.58	181701647	7.3
NBanks Mutual Funds	113917097	2.68	63885625	1.77	24270328	0.96
General Public	33255415	0.83	50857187	1.41	208239207	8.37
Central Govt	–	–	–	–	1220573	0.05

Source: Data from *Economic Times* (2015a, 2015b, 2015c).

that is, according to whether they were derived from public shareholding, foreign institutional investors, domestic institutional investors, or non-institutions. We also looked at the shareholding of the promoters and promoter groups. A distinction was duly made regarding whether it was an Indian promoter or a foreign promoter. Our last categorization related to public shareholding, where distinctions were again made between foreign institutional investors, domestic institutional investors, and non-institutions. From this data, we were able to observe variations in terms of how FDI and FII were engaged and organized in these companies. Some, such as Bharti, have foreign promoters as well as foreign institutional investors. On the other hand, Idea Cellular does not have foreign promoters but has foreign institutional investors, namely of Malaysian origin but via Mauritius-based companies. Both Reliance and Idea Cellular have a large number of small foreign institutional investors. Nonetheless, it remains very difficult to ascertain who these institutional investors really are, since they commonly invest using participatory notes that disguise the origin of the investor.

Given the origins of our inquiry, Vodafone was the first corporation that we looked at. For several years, Vodafone Group (the international parent company) has held a little less than two thirds of stake in Vodafone India Limited (VIL), with the remainder held by Analjit Singh and Neelu Analjit Singh (24.65 per cent stake) and Piramal Enterprises Limited (10.37 per cent). With the change in policy in July 2013 to allow 100 per cent FDI in Telecom, the Vodafone group acquired these latter shares and so increased its share from 64.38 per cent to 100 per cent. Both acquisitions were approved by the Foreign Investment Promotion Board in February 2014. Whilst this move has been widely reported in the media, there has been less attention given to the fact that the acquisition of the remaining stakes was done through Mauritius-based subsidiaries. CGP India Investments Limited, an indirect, wholly owned Mauritian subsidiary of Vodafone, acquired the entire indirect interest of the 24.65 per cent stake, while another indirect, wholly owned Mauritian subsidiary of Vodafone, Prime Metals Limited, acquired the 10.97 per cent stake from Piramal Enterprises Limited. Looking at the sector more broadly, we can see from the tables which follow that although Vodafone is unusual in the extent to which it now has 100 per cent FDI, all of the major companies involved in telecommunications have a significant shareholding from foreign investment.

Going beyond the publicly available records of listed shareholders to understand who these investment vehicles represent, and the way that they operate within the larger corporate structures of each of these telecommunications companies, proved difficult. There are five agencies that retain pertinent information. These are Reserve Bank of India (RBI), Department of Industrial Policy & Promotion (DIPP), SEBI (the market regulator), and National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), which are both central depositories. Of these, the RBI is the primary agency responsible for collecting, compiling, and publishing FDI inflows. SEBI is the primary agency responsible for collecting, compiling, and publishing FII data. Our first attempt to gain more detailed information was via the NDSL. However, in order to obtain information about FDI or FII, each company needs to be identified by its code, rather than its name. In theory, if a researcher had the FII registration number, then they could access 'NSDL_FII Equity Trades'. However, it is also clearly mentioned that FII registration number are 'masked' in the list itself. In practice, therefore, the general public appears to be unable to 'unmask' these registration numbers in order to obtain more detailed information about these FII/FPI.

Turning to a blunter instrument, we sought get more detailed information on foreign investment in telecoms via an RTI (Right to Information) application to SEBI. Of course, SEBI is not obliged to release this information as per section 8(1)(d) of the RTI Act, 2005, which states that 'there shall be no obligation to give any citizen, information including commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information.' Unsurprisingly then, our request was denied as were RTI applications submitted to NSDL and the RBI seeking information about the source of FI in listed Indian telecom companies. To describe this blank space in more detail:

- NSDL responded that being a public limited company incorporated under The Companies Act, 1956, it is beyond the purview of the RTI Act, 2005.
- RBI responded that the information we sought is exempted from public disclosure under section 8(1)(e) of the RTI Act, 2005.
- SEBI chose not to reply.

Even had this information been forthcoming, the limitations of the data that is collected would scarcely cover all of the mechanisms that multinational companies employ to disguise capital shifts, such as transfer pricing. These practices typically consist of transactional mechanisms, such as a licensing fee or a royalty payment or interest paid by a subsidiary to a parent company. Where the parent company is located offshore, such transfer pricing becomes treated as a cost in the jurisdiction of the subsidiary, and this allows for considerable opportunities for shifting capital balances out of jurisdictions where tax may become due. In this respect, India's telecom sector is becoming more broadly comparable to the behaviours set by major multinationals in the global media economy. Given such limitations on disclosure and the lack of transparency across the entire chain of foreign investment, our preliminary analysis was never going to overcome the many obstacles arising from the non-transparent regime of foreign investment in India's media economy. Certainly, the comparable data that we did collect for publicly listed companies across the other media sectors revealed a similar set of FDI mechanisms at this 'surface level'. In order to go any deeper, we will need to cross the gaps, at some level necessarily intentional in nature, that have been formalized through an elaborate regime of opacity, including participatory notes, public cellular companies, cascading subsidiaries, flags of convenience, and accounting gaps established across jurisdictions by treaty and/or practice.

Opening the Box

What we did establish to our satisfaction in this exercise was the consistent usage of Mauritius-based subsidiaries for capital transactions across the telecoms sector. Given the structure of the companies involved, it seems highly likely that these mechanisms are used not only for major FDI and FII deals, but also for routinized transfer-pricing transactions between different entities within the operational structure of each company. This may not constitute round-tripping per se, but it certainly entails the transfers of profits and costs to the most favourable jurisdiction. In all these respects then, the major contours of the contentious Vodafone deal would seem to be consistent with the established practices of the industry as a whole. It is only the scale of the two transactions involved, and the additional scrutiny of a genuine international investor, that seem to have instigated the subsequent debates on tax avoidance and the absence of

transparency. Similarly, for the 2G affair, it was the one-off bonanza and the political dimension that brought the function of offshore centres briefly into the spotlight. The task that remains, in the public interest, is to keep these issues in the spotlight as these scandals become displaced by the latest business news. Only sustained public pressure will lead to regulatory reforms that attempt more than the occasional criminal enquiry into cases that become obviously problematic from time to time. In the absence of genuine transparency, those endeavours are little more than wanders in the fog.

There have been glimmers of incremental, if not truly systemic progress. In May 2016, the BJP-led NDA government successfully negotiated a revision of the DTAA with Mauritius, with the stated purpose of encouraging only 'genuine business' to make use of offshore financial channels. The major change is that short-term investments from Mauritius and Singapore will be treated 'equally' and both will become subject to short-term capital gains tax. These changes to the DTAA are carefully grandfathered, and will be phased in over a three-year period to 2019. This careful approach is intended to mitigate a financial rout and ensure that existing investments can exit without incurring tax liability (*Times of India* 2016). Nonetheless, it is unlikely that this tightening of the provisions of the India-Mauritius DTAA will curb transfer pricing or anonymous investment vehicles, nor will it even necessarily prevent round-tripping or treaty-shopped investments. Indeed, it seems likely that many of the participants will simply shift operations to another jurisdiction that has a DTAA similar to the India-Mauritius treaty as it stood. Cyprus, for example, is one such case. As such, India still faces regulatory challenges that are comparable to the questions that are now being raised worldwide regarding global capital transfers in a world bankrupted by financial deregulation. The publicity that has arisen from the leaking of internal documents from Mossack Fonseca in 2015, the so-called Panama Papers, has provided a further illustration of how pervasive the use of offshore financial centres has become.

Millions of documents reveal an almost incomprehensible web of transactions and holdings which traversed the Western hemisphere, with the British Virgin Islands representing another very substantial financial node. In the heyday of globalization, no major economy could afford to be without access to these financial 'freeports'. Right now, in a post-crisis world laden with public debts, it has become much more difficult, both

politically and pragmatically, to turn a blind eye to the missing profits of the previous era. Given the widespread view that India's elite possess large offshore holdings, there was intense interest in the Panama Papers within India, with the leaked materials providing fragments of information on a, perhaps predictable, list of industrialists, property magnates, jewellers, and film stars (*Indian Express* 2016). India's Ministry of Finance has subsequently proceeded to submit a whole series of requests for further information from the British Virgin Islands in particular, although it remains unclear whether any substantive actions will be taken against the individuals involved. Elsewhere, the much-publicized drive against the circulation of black money, launched via a special investigation team (SIT) in 2014, seems itself to have ground to a halt. Josy Joseph (2016) has recently alleged that it is not so much a lack of evidence, but rather the identities of those being implicated in large-scale money circulation via Dubai and Mauritius that has led to members of the Enforcement Directorate being dismissed, transferred, or placed under investigation themselves. Pandora's box is proving to be very full indeed.

Beyond Orthodoxy in the Actually Existing Economy

Even as it becomes impossible not to become embroiled within these larger issues, the primary intention of this chapter has been to establish a useful starting point for the much-needed debates around FDI in different sectors of the media economy. We have clearly established that Mauritian subsidiaries and FDI are synonymous across the media economy that has arisen with liberalization. Because of the nature of these financial flows, made up as they are of a bewildering myriad of shell companies passing through many jurisdictions it has, is, and perhaps always will be difficult to establish with any certainty which of these financial flows come from legal sources and which do not. Taking an unconventional approach, then, we might argue that it is precisely the gaps in the accounting process that serve best to illustrate the implicit, officially sanctioned role of offshore finance centres. In considering the various mechanisms at play, there must be an intuitive recognition at least that a significant proportion of the foreign investment coming into India's media economy is not foreign at all. A substantial proportion is most likely made up of capital transfers across India's fledgling media multinationals. Another substantive portion is most probably black money circling back to India and taking on the

appearance of legitimate and legal financial flows. Some of it, at least, may even be the money from the Indian diaspora that these regulatory instruments sought to attract through artificially favourable conditions. Although, even here, the number of Indian domiciles taking up non-resident status to access these channels muddies the water considerably.

All of these actually existing problems with the accounting process bring us back to our initial comments regarding the limitations of conventional modes of analysis in the face of regimes designed to be impenetrable to such tools. To make sense of both numbers and gaps, we need to shape a more comprehensive approach to the broader social and political context of investment activity. For India, but not India alone, there is a recurring issue with the use of 'enabling structures' consciously designed to enrich corporations or individuals. What we might see as the deliberate fuzziness of regulation and/or its enforcement has facilitated rapid capital accumulation by businesses (and often an associated enrichment by politicians) over a remarkably short period. In the context of globalization, this may have served the national interest at a certain point in time, but, at some point in the near future, the continuation of such practices could well be considered 'anti-national' (if such a distinction were to be economic rather than political). Thus, this chapter is not simply a reflection of the fact that in a global economic order, sovereign states such as Mauritius have the right to design their tax policies as they see fit, or a further illustration that the media economy continues to be something of a money-go-round. The larger question is about the relationships that India's actually existing economic practices have to the bridging of the formal and informal economies as well as to preferential partners in the field of global capital. This has been the most critical nexus between politics and business in the era of liberalization.

Part II

Constituted Contexts

The three ensuing chapters in this section will grasp empirically and comprehend analytically the multifaceted trends that entail the 'constituted contexts' of the media economy in India. There are two critical points that underpin the relevance of this term. First, it is important to recognize that the regulatory, organizational, and cultural conditions under which the media economy has emerged are all constituted by decisions and decision-making. Context, therefore, is not an organic category, but a matter of intent. Second, in light of the complex terrain in which the media economy operates, we recognize that this intent is neither necessarily coherent nor imposed by a single set of forces/actors. At the same time, however contested, negotiable, or contingent the operative context of the media economy may be in its daily practice, it is clearly established through a set of conscious actions. Those actions invariably reflect the imperatives of actors, both formal and informal, in seeking to establish particular interests within the overall constitution of the sector. This constitution is thus both a configuration of forces and an evolving body of formal and informal rules. In following our premise that the present form of the media economy was established in tandem with a particular economic paradigm, the chapters in this section all serve to demonstrate the emergence of the media economy in India within the broader context of 'liberalization'. The media economy is thereby framed as a context emerging from simultaneous (rather than sequential)

movements between state control and laissez-faire. Far from being a linear evolution, differing aspects of these crosscurrents create a milieu that encompasses different types of intent.

State interests in the media economy are matched by agendas for industrial reform, variously substantive or discursive, that reflect interests in the private sector as they move between competitive self-interest and collective lobbying for mutual gains. As a series of initiatives forged amidst a period of internationalization, both state and private interests in India have been required to accommodate the threats and opportunities emerging from a broader engagement with the global economy. Their strategic approaches to this encounter have been highly significant in shaping the present constitution of the media economy. In recognition of this broader insight, this section offers elements of an ontology of media regulation beyond a mere chronology of action (or inaction) by the state. This approach helps transcend some of the established approaches that remained steeped, often deterministically, in the study of administrative protocols, legislative frameworks, and black letter law. The three chapters, looking at three different media sectors, offer ways to move beyond the idea of regulation as intervention-by-the-State, marking a critical move towards demonstrating the efficacy of the more elastic concept of 'Constituted Contexts'. As a whole, this section aims to illustrate how the complex terrain of decisions and decision-making explicates the unfolding of commercial dynamics within each particular sector and, in so doing, articulates the field of intent that gives impetus to the media economy.

Problematizing the Milieu of Regulation

Context, then, is absolutely critical to any understanding of an actually existing media economy, in India as much as elsewhere. To more roundly understand the mobilization of resources in the media economy, as a set of rational processes, we need to grapple with the wider structures that have constituted the dynamics within which such mobilization operate. A necessary emphasis on structures thereby implies engaging with the emergence of the media economy via a set of reforms within the regulatory regime, in particular industries involved, and in the markets they play out in. The institutional apparatus, policy frameworks, regulatory protocols, and legal instruments associated with the media economy are all important, because the processes of formulation and

the interests represented in these processes tell us much about how the regulatory milieu has attempted to constitute a reformed media economy. Our attention to the various reforming interests and/towards the particular constitution of the media economy that they have pursued is required for two substantive and inter-related reasons. First, to underscore that the transformation, often captured in the move from a landscape of media scarcity to that of media abundance, has been far from suo generis and, secondly, to consider the implications of this for media scholarship in India.

In terms of the former, there has been a clear tendency in commercial discourses to explain the media boom in India as an organic process, that is, as a 'natural' product of unfettered entrepreneurship, technological innovation, and a sanctioned consumerism amongst the more affluent sections of Indian society. Like any industrial folklore, this narrative has its own blend of myth and reality, which is as amusing as often as it is intriguing. What is troublesome empirically, however, are rhetorical arguments about the 'media revolution' having unfolded independent from, and even despite of, a coherent enabling milieu. Under examination, the story of 'liberalization' as an absence or withdrawal of the government in general, and of regulation in particular, is unconvincing, and even misleading. Nonetheless, in the face of such omnipresent commercial discourses, we begin to notice such thinking seeping into scholarly explanations of changes in the media economy over the last two decades (such as Desai 2006; Dwyer 2002; Kohli-Khandekar 2014; Mehta 2015). In such a telling, the making of the media economy is explained though a series of falling administrative barriers and/or entrepreneurial achievements. This account does not provide a sense of why these 'barriers' existed in the first place, of why and how certain small entrepreneurs became large conglomerates or, indeed, of what factors and actors drove the various reforms in the specific direction in which they unfolded. As a consequence, 'liberalization' is discussed without any substantive analysis of what the intended benefits were assumed to be; or for that matter, whether subsequent events did indeed correspond to the intentions of the various interests involved.

These are obviously critical omissions, and the present explanatory absence provides us with an imperative to more fully interrogate the wider contextual forces that have played a role in constituting the media economy. As media educators, we are equally motivated to address a

longstanding blind spot in the rather amorphous intellectual trajectory of communication studies in India (Das et al. 2005; Das 2013). Compared to agriculture, heavy industry, and energy, negligible attention has been paid to decisions and decision-making processes marking the areas of informatics and media. While the exceptions have been few and predominantly recent, albeit notable (McDowell 1997; Athique and Hill 2010; Scaria 2014; Mukherji 2015), these have not emerged from communication studies—nor have their insights percolated into the mainstream teaching and scholarship of communication in India. For the most, scholarship in communication studies have almost completely attended to the meanings, their flows, and practices generated within the media economy—with the structures shaping the behaviour of media firms and the dynamics of media markets yet to attract systematic scrutiny. Knowing relatively little about the underlying forces shaping these meanings, flows, and practices has greatly contributed to the inability of communication studies to coherently engage with the transformations in the media landscape in contemporary India (Das 2005). Interestingly enough, in both the above instances, what stands out is the problematic conditions of the regulatory milieu. This gains credence on both operational and epistemological grounds. The former entails exploring the ways in which explicit or implicit state mechanisms, and interest groups outside it, have steered the dynamics of media businesses. The latter entails devising methodological frameworks to unravel the constituted contexts cradling the media economy.

New Policy Actors

Thinking about the regulatory milieu tends to immediately make us think about 'institutions', principally those of the state. The traditional terrain of policy studies entails inquiries into formal rule-making bodies, protocols, and processes of/in government. The context of this mode of enquiry can be productively expanded by looking at wider, compelling contextual dynamics of national polity and technological dynamics, reflected in early exponents of such an approach attempted (Ghorpade 1986; McDowell 1994). With the spurt of interdisciplinary legal studies in the 2000s, this academic terrain was enriched by the incorporation of the workings and role of the judiciary, regulators, and appellate bodies in creating and sustaining certain types of regulatory regimes. We find deft arguments on regular interventions by the judiciary, in the case of telecom deregulation,

being directed as much to limit the control of incumbent state agencies as at establishing the courts' own legitimacy to regulate this sector (for example, Thiruvengadam and Joshi [2012]). Thus, besides the legislature and the executive, for long the primary decision-makers on the media economy, various types of judicial and quasi-judicial bodies have emerged as increasingly central actors. Grappling with these expands our analytical canvas. We also realize the methodological boundaries this sets: it disables us from traversing the juro-administrative determinism that has globally come to temper inquiries into media regulation. A deeper look at the milieu and forces tempering media businesses provides a richer set of insights on the permissible contours of the media economy.

This attention to the broader context encourages us to look outside the realm of the state to the plethora of non-state actors vying to stamp their imprimatur on decisions and the decision-making process itself. In India, their role has come to prominence following, or especially due to, incremental deregulation and de-monopolization in various sectors of the economy, not least the media industries. This is most mundanely reflected in the tremendous currency gathered by the term 'stakeholders' in not only regulatory discourses but also in news reportage on policy deliberations.

Two observations must be underscored here, one each on the discursive and substantive connotations of 'stakeholders' as policy actors. First, this term categorically and most accurately suggests that everyone, within and outside the textbook value chain of a media business, is trying to further or protect their stakes. Intriguingly however, such a coinage of 'stakeholder' obfuscates the fact that everyone does not have the same stake in the media economy: there are thus different types and degrees of relationships of stakeholders with each other; and equally different stakeholders have different relationships with the state and its decision-making processes. Thus, all stakeholders are not (equally capable of being) policy actors. In its generic usage, the coinage of stakeholders as an umbrella term flattens the variegated set of private interests outside the formal sphere trying to influence decision-making processes. In this context especially, the idea of policy community offers enhanced analytical possibilities since it enables us to link disconnected sections of the political, decision-making elite (Jordan 1990).

Secondly and substantively, there is a marked difference in the nature and configuration of dominant stakeholders as policy actors. In an era

of media abundance, the presence and inter-relationships of dominant stakeholders has gained numerically and in both complexity and visibility. The behaviour of private interests has gotten highly institutionalized, most clearly in the form of trade bodies at the sectoral, sub-sectoral, and/or apex level. Apex industry associations have displayed capacities to involve stakeholders (often with conflicting interests) towards advocating or fortifying certain commercial regimes and advocate consensual best practices. Such bodies include the Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), and Associated Chambers of Commerce and Industry of India (ASSOCHAM). In the constitution of the media economy, these bodies have emerged as new historical actors in the policy community. They tend to perform two often inter-related roles. First, sector-specific and cross-sectoral trade bodies have proved to be the prime institutional fulcrums for creating policy values for the formalization of the media economy. Second, of equal analytical significance is the role of trade bodies in creating discourses about the industrial dynamics and professional identity of media firms.

This is where a further potential of the term 'policy community' comes into play, that is, in signifying the salience of ongoing interactions beyond formal procedures of government. It therefore brings under scrutiny the deliberations occurring in the interstices between and among corporations, industry associations, elected representatives, retired bureaucrats, and judges (Miller and Demir 2007).

Deregulation and Re-Regulation

Reviews of the first two decades of liberalization between 1990 and 2010 have predominantly been prone to excavating and/or pondering over the role of the state in catalysing the 'India Story'. This is most amplified in enumerations of the 'success' of the IT revolution, which has spawned contrasting arguments on the role of the enabling/regulatory milieu (Kapur 2002; Balakrishnan 2006). As a symptomatic case, demonopolization and deregulation in India has clearly spawned varied registers of media abundance in existing businesses of music, cinema, and television—sectors the three chapters in this section deal with. Simultaneously, key actors in these industries have fostered cognitive perceptions that the

prior institutional design of regulation had become untenable due to the temporal and spatial restructuring of media markets at a global scale, as argued more globally as well (Barnett 2004). More recently, amidst the exigencies of the financial crisis from 2007 onwards, there has been gradual recognition that the state does play an important role, both as a proactive or reactive policy maker, as also by taking a position in the market. This tacit recognition tends to be subsumed by commercial discourses that continue to propound the 'retreat' of the state as a precondition for a 'robust' media economy. Such discourses sometimes get uncritically imbibed in scholarly works that, inadvertently or otherwise, explain the dynamism of the media economy primarily via the weakening presence of the state (Mehta 2015). In contrast, we find it more accurate to understand such tendencies in terms of not a forceful retreat or wilful thinning of the state but a strategic reorientation in the priorities and/or emphases of the state.

At one level, the new synergies emerging from the politics of decentralization has led to an enhanced role of local authorities: the administration of cable networks and internet content being the most amplified manifestations of this. At another level, however, spheres of decision-making appear to have been weaned away from state institutions by transnational, multilateral, and increasingly multi-stakeholder organizations. Over the last decade, the mandatory digitalization of terrestrial broadcasting and the gestating issues in Internet governance best testify the shift towards a new regime where the state serves as a broker for all types of private 'stakeholders'. In the 1990s, we first find elements of the deregulatory architecture around information and media industries contributing to dispossessing the efficacy of the centralized democratic welfare state; this has been pointed out with different degrees of emphases, often even tangentially, by astute scholarship in telecommunications (Mody 1995; Chakravartty 2004) and public broadcasting (Pendakur 1990; Thomas 1993). But it can be argued that various organs of the state, especially those directly accountable to its citizenry, are active accomplices in the dispossession of state functions (Patnaik 1995). In the social and economic sectors, this is inevitably illustrated in decisions that trim service delivery. In the entertainment industries, located in the private sector, the state's complicity is made manifest through its regulatory actions and inactions. In many instances, the logics prevailing in the media economy stand testimony to the

complicity of the state in the divestment of its responsibilities to uphold public interest.

Formal Transformation

Locating itself amidst the macroeconomic policy metamorphosis and flux of the early 1990s, the first chapter in this section delves into the regulatory milieu in the business of recorded music. This is indisputably the least explored sector of the media economy in India be it in terms of industrial dynamics, agency practices, or regulatory configuration. In opening up this terrain, Gregory Booth shows how changes in macroeconomic regulation can instantaneously reconfigure a particular sector of the media economy. Given the necessary interaction of creative content and infrastructure, a transformation of this kind can occur at crucial junctures in the wider economy, either as an instigator or as a by-product of broader changes in the regulatory milieu. Booth demonstrates the role played by traditional mechanisms, largely statutory in nature and explicit in intent, in the staging of liberalization and in reshaping the dynamics of a media business. Casting his eye back to the pre-liberalization era, Booth reminds us how the dominant industrial discourse and the directionality of statutory changes was often determined by a dominant stakeholder guarding an established position. The ability of these large companies to direct the commercial and regulatory dynamics of an entire industry was particularly high in a landscape of media scarcity.

Instances that spring to mind are the Gramophone Company of India and Tata Consulting Services, who respectively curated the contours of the business for recorded music and computer services well towards the end of the twentieth century. This could be said for firms with similar degrees of market power in a host of other industries in pre-1991 India, amidst which we find arguments for the commercial and regulatory makings of crony capitalism (Mazumdar 2008). Booth explains the personality of the business of recorded music before 1991 as being determined by two parallel forms of explicit state intervention: cocooning the national music economy from international and transnational forces, and carefully tempering competition within the domestic industry. Both of these interventions ended up benefiting a restricted set of interests, rather aptly captured in the idea of crony capitalism. This was a phenomenon not unique to the music industry, but characteristic of this entire phase of

industrial development in India (Bardhan 1984). The standard narrative of liberalization tends to depict this as the era of a rigid and restrictive 'socialist' state. However, there is ample literature across many industries to argue convincingly that it was vested interests and incumbent enterprises that used the rhetoric of 'national interest' to protect near monopolistic market positions through favourable policy structures. Departing from explanations rooted in statist nostalgia or liberal utopianism, Booth provides a classic expose of how formal mechanisms of interventions, directly arising out of wider economic deregulation and liberalization, reshaped the dynamics of the music industry.

Governmentality Outside Government

The second chapter in this section hints at the methodological risk that a state-centric analysis of the regulatory milieu takes in flattening the different layers of business practices and legal structures comprising the media economy. It spotlights the role played by the business community in creating perceptions of transition in inherited organizational and/or production practices within particular sectors of the media economy. The advocacy exercised by trade bodies in promoting particular forms of industrial behaviour and regulatory frameworks conveys, in some respects, another form of governmentality (Das and Parthasarathi 2011). The efficacy of such processes is acutely visible at junctures when the policy community seeks to overhaul the business dynamics prevailing in a media sector. Aswin Punathambekar wades into this terrain of industrial dynamics through a detailed examination of the ritual and substantive behaviour of India's leading umbrella trade body, FICCI. He reminds us of the two-pronged advocacy by FICCI to reshape the industrial organization of Hindi cinema: firstly, by re-fabricating its industrial identify by, inter alia, brushing over the illegitimacy associated with this century-old business and, secondly, by soliciting pinpointed regulatory sops from the government. To achieve these aims, FICCI seeks to encourage and empower big business to wean out the informal practices marking Bombay cinema's stigmatic organizational past.

Punathambekar sets out to expressly unravel the discursive construction of 'corporatization' in the industrial forum of Bombay cinema. He traces multiple narratives amidst the transition to corporatization that unfolded unevenly over the first decade of the millennium. As much a financial

as an organizational mode, Punathambekar shows corporatization as a terrain hybridized by two contrasting practices: family businesses reformulating their commercial identities (to avail the new, formalized, and transnationalized circuits of capital) and media corporations finding themselves up against the limits of corporate logics (in conducting the actual business of Bombay cinema). He thus recalls the contestation of 'corporatization' within the business community, at and outside the tenth annual edition of entertainment industry ritual of the FICCI FRAMES event. At one level, the transition to corporatization in Bombay cinema, as a remaking of industrial culture, is part and parcel of its chequered history of industrial reorganization (Lorenzen and Taube 2008; Ganti 2012). Bombay cinema has, after all, managed to adapt to successive epochs of political economy from colonial times to the present. Nonetheless, even for this quintessential commercial industry, the 'celebrity speak' of corporatization and the messy transitions towards Bollywood cannot be effectively divorced from the apparatus and action of the state. Significantly, it is the visible hand of the state (in the guise of the union minister of information and broadcasting) that has always inaugurated the annual ritual of FICCI FRAMES.

Strategic Inaction

As the third chapter in this section, I take up the case of cable and satellite television. My intention is to systematically engage with the explicit and implicit mechanisms through which this business came to be administered in the aftermath of deregulation. I emphasize the need to consider regulatory actions and to unearth the role of regulatory silences in sculpting an enabling milieu. My argument is that the milieu of media regulation, usefully termed the 'enabling milieu' by trade bodies, is typically created by a blend of strategic mechanisms and deliberate non-action. Be it interventions symbolizing the former or the non-interventions characterizing the latter, both are equally laden with intent. In other words, silences directed at maintaining a status quo are to be identified and deciphered as conveying a regulatory response in much the same vein as the easily visible and pointed sets of legislative or legal protocols. Critically unearthing policy silences in the media economy helps us most immediately to explain why and how the lack of regulatory protocols may risk public interest (Freedman 2010). More widely, this finds

traction with certain debates on public choice theory which foreground the role of interest groups, especially private actors, in preventing or expressly directing changes in the regulatory environment. This prompts us to consider how and where decisions about the media economy get determined and who is involved in these processes.

At the outset of this volume, we touched upon the efficacy of looking at the institutionalized mediation of the media economy. Picking up this important thread, the perspectives sketched out here complicate the core elements of inherited notions of regulation. By deepening ways to locate formal mechanisms administering the media economy, the idea of 'constituted contexts' provides a wider set of inputs to understand processes of mediation in the media economy (Parthasarathi 2014). Methodologically, this goes beyond reductionist notions of forces of production and deterministic expectations of juro-administrative protocols. Rather, we must uncover in a 'co-determined' manner the constellation of forces and contexts of conditioning the milieu of decision-making (Mosco 1996). In excavating the constitution of specific sectors of the media economy over two decades of incremental liberalization and deregulation, this section tells us much about the state as an enabler, an accomplice, and even a mid-wife in rendering the media economy. By its own strategic intent, then, this section considers the complex terrain of decision and decision-making through which the media economy has been brought into being.

Vibodh Parthasarathi

5

Gregory D. Booth

Economic Nationalism, Liberalization, and Recorded Music*

My primary concern in this chapter is to trace the ways in which the Indian government's policies of economic nationalism have affected the shape and structure of the Indian music industry and its relations to the global music economy. Because of the specific circumstances of colonial and postcolonial India, the core of this study traces the postcolonial history of the Gramophone Company of India, its position within the post-colonial cultural economy, its relations with other music companies, and the impact of the processes of globalization on the company. Regardless of region, for much of the post-1947 period, the Gramophone Company of India (hereafter GCI) maintained a monopoly position on record production. Prior to the advent of audio-cassette technology, no regional or 'independent' record company could survive in India without GCI's support. As technological and regulatory conditions changed, GCI came to embody the nationalist dilemma: a venerable giant succumbing to the pressures of transnational corporations from one side and of local, home-grown entrepreneurialism from the other. From Independence in 1947 onwards, the history of Indian recorded music consumption moved (more slowly at times) through the globally familiar sequence: shellac or

* This chapter is based on primary research supported in large part by the University of Auckland, to which thanks are due. It would not have been possible without the knowledge, generosity, friendship, and hospitality of the Indian industry figures named herein, and others, who provided so much of the information on which my research is based.

vinyl disc to audio cassette, to compact disc, to digital file or stream. As such, changes in commodity format arising from a changing technological base are crucial to this history, but so is the troubled relationship between demand, production capacity, and industrial structure and practice.

My particular focus here is on the transformation from shellac or vinyl disc to audio cassette, precisely because it was the latter format that enabled market growth. The appearance of cassettes in the Indian market, however, was roughly simultaneous with the beginnings of economic liberalization, and the shift from a single monopolist producer to multiple, unregulated producers (Manuel 1993; Beaster-Jones 2014; Booth 2015). As Indian economic policy has continued to change, the music industry has changed as well, acting in response not only to technological developments, but also in response to the realities of India's broader engagement with global markets.

Initially, I argue that during the remarkable period of the 'License Raj', when the Indian music economy was largely cut-off from the world music economy, GCI operated almost as a service industry (a 'hobby' as one music industry veteran describes it below), primarily serving the Indian film industry but also the admittedly vague musical needs of the Indian government. In this period, popular music was experienced primarily via radio and film; both recorded music's commodity value and its 'option-value', as Shapiro and Varian (1999) have conceptualized consumer options for consumption, were extremely low. Subsequently, I examine the later period of economic liberalization/globalization, which began in the mid-1980s, led to radically different structure and behaviour in India's music industry. Throughout this latter period, I trace the almost continuous and sometimes extreme growth in the value of India's music market—that is, in the revenues generated by the sale of recorded music commodities—that occurred during the long dominance of the audio cassette as India's primary music commodity.

Colonial Pre-history

Even now, it remains instructive to offer a brief consideration of the implications of colonialism on the Indian music market. The rough outlines of British industry's colonization of the Indian market for sound recordings are readily accessible. The Gramophone Company had its agency in place by 1901 and the recording pioneer, Fredrick Gaisberg, disembarked with his equipment a year later (Kinnear 1994). Gaisberg's

goal was the production of recordings of local artists that could be sold to the local audience to the ultimate profit of a company headquartered in Britain. Vibodh Parthasarathi (2005) has argued that India was among the top six markets for sound recordings in the colonial world; but the actual size of that market appears to have been relatively small. Peter Martland recently suggested to me that 'the Indian business was marginal to the overall profitability of the [Gramophone] company' (e-mail communication). Nevertheless, in a local field that included other foreign and Indian companies and in a market where demand appears to have exceeded supply, the Gramophone Company's dominance grew gradually during the decade leading to the First World War. Michael Kinnear (1994, 28–9) has noted that as early as 1907, 'with in excess of 3000 Indian titles to maintain, the Gramophone Company was by far the largest sound recording company operating in India.'

In the first flush of its colonial success, the Gramophone Company built South Asia's first record pressing facility in Kolkata in 1908. Because the Kolkata plant pressed discs for a much wider area than South Asia (parts of South East and Western Asia as well), the move integrated the plentiful shellac available from eastern India into the fledgling world music economy. The new factory also countered the increasing competition coming from other foreign companies and reduced the cost of production in the long term. In 1928, by which time the 'HMV' logo and the famously attentive Nipper had become the primary brand on the company's record labels, the Gramophone Company moved their production facilities to Dum Dum, a site just outside Kolkata, into buildings that had belonged to a military hospital. The company was still there twenty years later when India became an independent nation. Postcolonial India pursued a vision of nationalism that was cultural in ways similar to other newly independent countries, but also economic in ways that were globally unique. 'The colonial experience,' as Bimal Jalan (1991, 28) has written, 'was sufficient to reinforce the belief that the free-trade regime was biased against India.'

Economic and Cultural Nationalism in Postcolonial India

Ramachandra Guha (2007, 206) has made clear that the Indian Constitution 'directed the government to ensure that "the ownership and control of the material resources of the community are so distributed as

to best serve the common good"; so that "the operation of the economic system does not result in the concentration of wealth and means of production to the common predicament."' Consequently, from 1952 onward, the Indian government enacted a series of regulations and policies that collectively came to be known as the License Raj and that were intended to isolate the Indian economy from the world economy and from the unrestricted flow of global capital. Independent India 'was truly situated at the margins of the world economy' (McDowell 1997, 63). The Indian government was concerned primarily with industrial sectors other than the music industry; but the impact of government policies on the music industry was considerable, especially in a culture in which recorded music had historically been something of a luxury commodity in any event. Culturally, the Indian government led by Jawaharlal Nehru patronized classical and folk music via the state-owned radio network, All India Radio, which was the only licensed radio operator in the country and which famously, if unsuccessfully and if only for a limited period attempted to ban from the government's airwaves the songs of India's popular cinema.

India's musical representatives to the wider world were the classical and few folk artists whose international tours were supported by foreign sources or by the government's primary arts funding body, the Indian Council for Cultural Relations (Lavezzoli 2006). Nehru himself defined the importance of classical music in the Indian parliament in 1958, when he declared that sitarist Pandit Ravi Shankar was 'doing a fine job as a "cultural ambassador" projecting India in the West through music' (Shankar 1997, 153). Economically, the License Raj sought to prevent the emergence of privately controlled monopolies and to limit foreign investment in Indian industry by insisting that foreign capital be accompanied by foreign technology and that foreign equity not exceed 40 per cent in most undertakings. Exceptions were made for 'companies… engaged in manufacturing based on sophisticated technology or predominantly producing for exports' (Gakhar 2006, 72). Such companies were allowed to retain 51 per cent or more foreign equity. It may be due to this exception that the British-based, global music company, Electric and Musical Industries (EMI) was allowed to retain its 51 per cent of the Gramophone Company of India. Indian economic policy 'squeezed' companies like GCI that were engaged in the production of consumer goods; through high tax rates (not only of the 'value-added' variety but also the especially prohibitive excise taxes), limitations on the import

of foreign technology, production quotas for discs (and later for both discs and disc players), and other means, the License Raj constrained consumption and market development.

The policies that made it hard for GCI also made it both difficult and unrewarding for other foreign companies to operate in India. In fact, aside from a handful of small, Indian-owned companies, GCI was the music industry in postcolonial India. They were the only transnational company, the only source of international repertoire, and most importantly, the owners of the nation's only pressing plant. Such a monopoly was certainly advantageous, but a combination of India's overall economic position, GCI's practices and pricing policies, and the exorbitant tax rates on consumer products such as discs did indeed constrain the market. Although potential demand seems to have always exceeded supply, it has been estimated that prior to 1970, sales of recorded music in India totalled less than (and in some years, very much less than) US$3.5 million annually. The vast majority of that 3.5 million came from sales of film song recordings. The songs of popular Indian-language music dramas, whether staged or filmed, had long been a core element in the Indian music market. When Gaisberg arrived in Kolkata in 1902, the Gramophone Company's local agent, writes Kinnear (1994, 11), 'had made arrangements with A.N. Dutt of the Classic Theatre and J.F. Madan, of the Corinthian Theatre who were to provide the artists to be recorded.'

Stephen Hughes (2007) has demonstrated the importance of Tamil language dramatic songs for the record industry in South India as well. Songs from films were being recorded and sold shortly after the advent of sound films in 1931 and oral evidence suggests that those working in the Indian market accepted the centrality of film song as a music commodity by the end of the 1930s. After Independence, the departure of most British and other foreigners—who constituted the largest portion of the demand for English language popular music—and the rapid growth of Indian film and film music production, led to the almost complete dominance of film songs on the market. Both the industry itself and its cinematic and musical products were largely ignored by the Indian government and, when they were the subjects of official attention, were often disapproved of. Consequently, GCI's economic survival was tied directly to the songs the film industry produced (as content) and the films themselves (as publicity and popular culture). V.K. Dubey worked in the Mumbai office of GCI as regional and later national artists and repertoire manager from

1968 through the mid-1990s. He estimated film song sales generated 80 to 90 per cent of GCI's annual revenues. As remarkable as this may be, more remarkable was the fact that film songs cost GCI literally nothing to acquire, and after 1958, almost nothing to record (personal communication, 2004).

In the absence of competition, discs could be produced in whatever quantity and according to whatever schedule GCI pleased. Furthermore, the importance of pre-film-release radio airplay—for which GCI received royalties—and subsequent film screenings, ensured that film songs required almost no investment in publicity by the company. In this seemingly enviable context, GCI developed a unique logic that was more ideological than industrial; its recording programme consisted of two unequal and ideologically disparate musical repertoires: one government-approved, nationalist, and almost entirely without commercial value; the other routinely ignored and sometimes disparaged, enormously popular, and the source of almost all music revenues. This fundamentally distorted position was apparent even in GCI jargon. Although film songs were by far the company's most commercially significant music commodity, GCI personnel referred to non-film recordings as basic, their fundamental products. In the advertising copy that began to appear after 1970, the company referred to its basic recording program in terms of diversity, nationalism, and cultural heritage. In 1972, during what Nayar (2001, 113) identifies as the radical period of the License Raj and a time in which 'the economy was in a state of persistent stagnation [accompanied by] high inflation', GCI advertisements lauded the company's export earnings as a contribution to the foreign exchange crisis. One advertisement noted that recordings on the HMV label were 'thrilling a sitar fan in Akron, Ohio [and] enticing a Qawwali audience in Penang' (*Screen* 5 May 1972), conveniently ignoring the fact that most of their export earnings, as with the internal earnings, came from film song sales.

In 1976, the rhetoric was even more explicit. Citing their recordings of the music of Amir Khusrau, Tulsidas, Rabindranath Tagore, and others, GCI argued, 'All these and many more make up HMV's impressive repertoire of 3,000 non-film records—with 500 new releases every year in over 20 languages and dialects.' The advertisement concluded: 'HMV realizes it's responsibilities to propagate and preserve on record the rich multicultural heritage of India' (*Screen* 9 July 1976). It was this non-film repertoire in which GCI invested, through the costs of acquisition,

recording, and promotion. Nevertheless, these basic recordings never represented more than 25 per cent of GCI's annual revenue; despite the ideological logic expressed here, film song revenues kept GCI in business. To some extent, it would be reasonable to assume that film songs represented the majority of GCI's production as well; but this ratio is not directly accessible to us, even by estimate. Record collector and archivist, Suresh Chandvankar, who is a collector of everything available on disc in the 1960s and 1970s (and beyond) has conveyed to me his impressions of those years: 'Non-film music was not as freely available as film music because of its limited appeal. It was mostly seasonal (festivities, events, etc.), mostly for celebrations like Puja, Ganesh Festival, Durga Puja—apart from light and pure and classical music' (e-mail communication).

GCI acquired the ownership of almost every film soundtrack recorded between 1948 and 1970, and a large proportion of those recorded through the 1990s as well. Those involved with the company, in almost any capacity, have described the company's pressing policy as hesitant, slow, and undertaken as a response to demonstrated demand. Recordings had to be hits before GCI would press additional quantities. The company's production practice in the era of micro-groove discs, roughly from 1964 onward, makes clear their attitude towards production. Jayanta Maitra was appointed national head of GCI's Technical Division in 1970; he reports that GCI issued three sizes of micro-groove discs of which the most routinely pressed was the 3-minute-10-second format called the SP, or standard play. SPs contained two songs, edited to fit the format. These were the 'lead songs' of their respective films, those judged most likely to be popular and were inevitably released before their films. Once the film was released, and if public response to the sound track was positive, GCI took advantage of the publicity by releasing EPs, or extended play discs, that contained an additional song, and/or longer versions of the two on the SP. Finally, if demand seemed to warrant it, GCI pressed release-quantities of LP or long play discs, which contained all or most of the songs of the film in question, perhaps along with some dialogue (personal communication, 2008). Pressing quantities, however, seem to have correlated inversely to the size of the disc.

Throughout the 1960s, GCI invested nothing in publicity for its film soundtrack releases. Shashi Gopal worked for GCI in the 1970s before becoming a leading figure in the post-liberalization music industry. He has suggested to me that 'they [GCI] had a monopoly so they could do

what they wanted. They didn't do any merchandising, any marketing. I heard one guy call up a distributor, "Listen, you gonna pay us our money or not? No? Ok, I'll make sure you don't get any more supplies." I was shocked.' (personal communication, 2008). India's only culture industry trade publication, appropriately named *Screen*, regularly carried full page advertisements announcing new film releases or marking various landmarks in a film's run, such as the twenty-fifth, fiftieth, or hundredth day in theatres. But, until 1970, when GCI's first competitors appeared, the company never purchased advertising space in *Screen* to promote forthcoming film music releases. Advertisements of film song release did not extend beyond the 'Music available on HMV' slogans that appeared in the usually full-page announcements of upcoming or new film releases (paid for by film producers). *Screen* did run a Record Review column, and sometimes ran short news reports on upcoming LP releases. In both cases, however, *Screen* reporting only covered non-film releases. From the information available in the Indian culture industry's paper of record, we might imagine that recordings of film soundtracks did not exist. We could certainly not imagine that sales of such recordings were keeping India's only record company alive.

Film songs did more than keep GCI alive; they subsidized the company's ideological commitment to its basic recording program that was, in turn, tied to the cultural nationalism of the Indian government. Vijay Lazarus began his colourful career in the Indian music industry in 1970 and went on to become one of the most important leaders of this industry. He has suggested to me that 'HMV was more like a hobby than a business' (personal communication, 2010). In the postcolonial era, conditions did conspire to make it possible for GCI's artists and repertoire staff to behave as if they were enthusiastic amateurs promoting the music of national identity rather than profit-seeking entrepreneurs. That behaviour, however, which mirrored the government's nationalist and anti-capitalist sentiments, was enabled by the free content provided to GCI by the film industry. The company was clearly aware of this and responded aggressively to potential threats to their control of this resource, but there were few such threats in postcolonial India. Hindusthan Records in Kolkata had been a significant local competitor in the late colonial era, releasing many Hindi and Bengali film song recordings in the 1930s. Despite a high degree of technological competitiveness, however, Hindustan, like the other smaller regional record companies throughout India, remained dependent on GCI for the actual pressing of records.

GCI took advantage of this dynamic after Indian Independence. In 1948, GCI offered Hindusthan a contract that made the continued production of their discs conditional on the company's withdrawal from the Hindi film song market. This agreement was renewed in 1956. The Indian government's attitude towards consumer production and the culture industry, together with other aspects of the License Raj enabled GCI's hegemonic position. These attitudes indirectly helped to make possible GCI's recordings of classical, folk, and other musics that asserted India's uniquely musical and entirely non-commercial national identity. It was only in 1970 that GCI's position began to be eroded and that a successful challenge to its monopoly would be mounted. The result was a change in the nature of competition for India's primary musical commodity, film soundtracks.

Transition towards Liberalization: Polydor and the Gramophone Company

Polydor of India Ltd. was a subsidiary of two European giants, Polygram and Siemens. The attempt by these two multinationals to establish an Indian subsidiary in 1969–70 is difficult to explain, given the small size of the market and the inauspiciousness of the timing. As Baldev Nayar (2001, 108–11) has suggested, the late 1960s through the later 1970s, was a period in which 'ideology reigned'; he notes that in the elections of 1971 there was an ideological focus on '(1) restrictions on big business; (2) constraints on foreign business; and (3) a spate of acts of nationalization.' Despite these hurdles, Polydor of India was established in 1970. Following the radical requirements of the License Raj at this time, 40 per cent of the equity was held by Polygram/Siemens and 60 per cent held by the Mumbai business family who owned Film Centre, the music recording and film processing facility that was an important part of the film industry and Mumbai's film music recording infrastructure (Booth 2008). GCI's response to Polydor's arrival attempted to replicate the exclusionary tactics it had employed against Hindusthan Records. All Polydor's proposals for collaborative production and/or distribution were refused. Major playback singers and film producers were persuaded or coerced into semi-exclusive five-year contracts with GCI; wholesalers and retailers who carried Polydor discs were threatened with the denial of GCI stock (Vijay Lazarus, personal communication, 2008).

After years of investing little or nothing in publicity, GCI began buying advertising space in *Screen* in 1970. As well as 'Sound track available on HMV' advertisements attached to announcements of new film releases, GCI invested in a series of quarter-page advertisements featuring high-quality photos of select film music personalities (composers, singers, actors, and directors). Their text rarely referred to specific disc (or even film) releases, but conveyed GCI's long relationship with these personalities and sought to construct an image of a major, respected global company (identified by their primary label, HMV). These were, in effect, claims of prestige by association. In July 1970, one such advertisement boasted of the company's connection to the popular music directors, Kalyanji–Anandji: 'Today, Kalyanji–Anandji are among the most popular music directors in India and their music for many top hits is taken to a world-wide audience on HMV records' (*Screen* 10 July 1970).

Two weeks after this particular GCI advertisement, in which the company laid claim to Kalyanji–Anandji, a different advertisement on the front page of *Screen* proudly claimed 'Polydor signs up 40 Films' (*Screen* 24 July 1970), indicating that Polydor had agreements from these films' producers, and that their sound tracks would be released on the Polydor label. The advertisement listed twenty-two of the forty films by name (although one was listed simply as 'Production No 1'). Three of these had music by Kalyanji–Anandji; six of the ones listed were never released; one (*Agent 009*, 1981) appears not to have been released until quite a bit later. However, it was essential for Polydor to show that they were mounting a successful challenge to GCI's control of the only musical resource that mattered commercially.

In fact, Polydor never came close to acquiring and releasing (at least in token quantity) the number of different film sound tracks that GCI acquired and released in this decade: Polydor's film sound track releases amounted, on average, to only 13 per cent of the total annual soundtrack releases during in the 1970s. Almost all of the remaining 87 per cent of filmi releases were on HMV. Sales of the soundtracks to three of the films listed in this 1970 advertisement—Vijay Anand's superhit film, *Johnny Mera Naam* (1970) with music by Kalyanji-Anandji; *Caravan* (1971), for which R.D. Burman won Best Music Director in that year's Filmfare Awards; and *Mera Gaon Mera Desh* (1971), with music by Laxmikant-Pyarelal—contributed significantly to Polydor's survival in the early 1970s.

These successes spurred GCI to greater efforts in their attempt to retain their former monopoly position in the Indian market. The company

began production of what turned out to be a short and unsuccessful series of recordings that reproduced the soundtracks being released on Polydor. Later known as version songs, these GCI recordings offered the same songs as the Polydor originals, but usually featured lesser known vocalists in place of the hegemonic stars of Mumbai's playback world. A notable exception was 1971 hit score by S.D. Burman for *Tere Mere Sapne*, in which superstar Kishore Kumar re-recorded his own songs, ending up on both labels more or less simultaneously.

The details and import of version songs were unique to the Indian music industry. It is especially ironic that ten years after GCI seems to have invented the practice of version recordings, similar recordings by other companies would drive GCI almost to bankruptcy (Booth 2015). Polydor survived both GCI's tactics and the volatile regulatory environment by relying on their international resources. When GCI refused to share their manufacturing facilities, Polydor built their own. When local content producers were discouraged from recording or releasing on Polydor, the company relied on relatively modest sales of the international repertoire they could access through Polygram and Phillips to make up the difference. Ultimately, Polydor's small string of hit film soundtracks culminated in 1975 with music and dialogues from the all-time blockbuster, *Sholay*. The success of *Sholay* effectively legitimized Polydor within the Indian culture industry; thereafter GCI seems to have accepted that the music market had become a two-horse race. The simple presence of a second (and one might say hungrier) record company in India was one of the factors that began to drive revenue growth in the Indian music market. V.J. Lazarus joined Polydor in 1970, just as the company was establishing itself. He has estimated that the total value of music revenues in India at that time was at most Rs 3 crore, rising to approximately Rs 5 crores by 1975. In contrast, press reports suggest that at this time, the revenues being generated by films may have been in the neighbourhood of Rs 200 crores. No matter how fierce the competition may have been, GCI and Polydor were fighting over a very small pie throughout the 1970s.

Cassettes, Piracy, and 'Internal' Liberalization

Polydor's increased production and the degree of competitiveness their presence instilled in GCI led to an almost continuous increase in the value of the Indian music market after 1970. Growth sped up through the 1980s and 1990s as the result of two roughly coincident (but not entirely

simultaneous) factors: the change in music commodity format from vinyl disc to audio cassette, and the increasing engagement of successive Indian governments with economic liberalization and, after 1990, with globalization. As the cumulative effects of these factors became more substantial, the economic value of recorded music increased exponentially and the number of companies competing for Hindi film soundtracks doubled and doubled again. Competition for film soundtracks became more widespread, aggressive, and in at least one case, fatal. Although the ratio of legal and illegal profit in the market varied considerably throughout the 1980s and 1990s (as did the estimates of that ratio offered by various commentators), the positive trend portrayed by literally every estimate of the value of the Indian music market across the 1970s, 1980s, and 1990s appears to be unquestionable. Lazarus' 1970 estimate of Rs 3 crore is complemented at the other end of this period by a report in the regional newspaper, the *Daily Excelsior* in 2000. This anonymous report is itself quoting a report published in a Delhi newspaper: 'From Bollywood films to bhangra, devotional songs to Indipop, and reggae to remixes, everything is selling, and encouraging companies in the estimated Rs 2500 crore [industry] to chart new frontiers' (*Daily Excelsior* 2000, 4).

Film producer and director Yash Chopra expressed his own assessment of the last decade of this period. 'In the 1990s [the profit from music] was fantastic, till about 2002 or so. Last three years, down trend; less demand of cassettes, more of CDs' (personal communication, 2006). Yash Chopra's long and successful career in the Indian film industry suggests we treat seriously his admittedly vague estimate. What is more, he is quite clear about the point (2002) at which the music market began to decline and about the commodity (cassettes) that had been driving the long period of 'fantastic' growth. The thirty-year period of market growth from the beginning of the 1970s through the first few years of the twenty-first century was the result of the cassette revolution in South Asia together with the not-entirely-synchronous processes of economic liberalization and globalization. The impact of cassettes in India was perceptible from the latter 1970s, before economic liberalization became widely established. Prime Minister Indira Gandhi, who had begun the first steps towards economic liberalization in the early 1970s, returned to power in 1980 and 'carried further the logic of the economic policies that were initiated in 1974' (Nayar 2001, 117). Nayar (2001, 158–9) has argued, however, that

this first wave of economic regulatory change 'pertained to liberalization, or more accurately "internal liberalization"—since it apparently pushed the government off the backs of [local] business.'

The removal of government constraints—especially the early relaxation of electronic import regulations—encouraged the further growth of the relatively small-scale developments, based on audio cassette technology, that had taken place in the 1970s. The government's inattention, however, allowed the music industry free-for-all that took place in the 1980s. Among other outcomes, India's cassette revolution enabled local producers to reclaim Indian music production for Indian enterprise. Vijay Lazarus (personal communication, 2008) has argued that the value of the Indian music market had already grown from approximately Rs 3 to 20 crore by the time Indira Gandhi returned to power in 1980. He has specified that both these estimates were of revenues generated by the sale of vinyl discs exclusively, suggesting that this growth was the result of greater competition and activity (due to Polydor's presence) in the conventional record market. This means that his estimates do not include the market for illegally produced audio cassettes, which was a reality by the later 1970s. Except for a very small import market in the metro centres, there appear to have been no legitimate revenues being generated by sales of pre-recorded audio cassettes in 1980. In 1981, Super Cassettes Industries in Delhi, taking advantage of the newly liberalized import regulations, imported its first tape coating machinery and opened its Okhla (Delhi) plant in 1983, with which the transition to cassette sales began in earnest. Kajal Basu reported that combined legal and illegal music revenues in 1982 were in the area of Rs 50 crores (Basu 1983).

Super Cassettes also took advantage of government policy that reserved the production of specific commodities, including cassettes, for small to medium companies (as Super Cassettes was initially deemed to be). This gave new, local producers a two- to three-year head-start that disadvantaged the 'major' labels, GCI and Polydor. Music industry revenues continued to grow throughout the 1980s; but for much of the decade, legal revenues were badly overshadowed by sales of illegally produced cassettes. 'In 1985 legitimate companies sold five million cassettes while the pirates sold 180 million' (Dom 1986, 112). Developments in India's music market reinforce Nayar's suggestion (above) that the early economic liberalization in India was largely 'internal.' With the government 'off their backs', the industry was dominated by locally owned music companies rather than

transnational giants. Most of these new companies—Music India (1981), TIPS (1984), Venus (1984), and Magnasound (1986)—were located in Mumbai, the home of Hindi film song. The Delhi-based Super Cassettes opened a Mumbai office in 1983. The growth in locally owned music companies, managed by entrepreneurs used to working in the Indian business environment, took place within a market where the relatively opaque world of the Hindi film soundtrack remained the single most valuable commodity. This was also a market where music piracy was rampant.

High levels of piracy proved discouraging to the transnational music companies, all of whom had withdrawn from direct participation in the Indian market by the middle of the decade. A number of key Indian figures who had participated in the very first transnational forays (especially Polydor and CBS) became industry leaders in the new Indian companies. Nonetheless, it seems that through the 1980s, and even the early 1990s, the growing value of recorded music in India was something that could be accessed most readily by Indian entrepreneurs, both legal and illegal. Growth was being generated primarily from sales, within India, of Indian-produced commodities. At the same time, the market for 'international', or globally hegemonic popular music within India remained less than 10 per cent of total estimates. (Vijay Lazarus, personal communication, 2004; Mandar Thakur, personal communication, 2012). Despite the early impact of internal economic liberalization on local companies during the 1980s, the Indian music economy's relationship to the world music economy remained tenuous. Nayar suggests that it was in the subsequent stages of this process, from the early 1990s onward, global industry and global capital played a greater role than ever before.

Later Growth in Globalization and Music Industry Revenues

The successful entry of global capital into the Indian music market in the 1990s, marks the shift from internal liberalization to full-blown globalization, following Arjun Appadurai's (2001, 3) concerns for the 'independence' of global capital in this condition. Industrial licensing, a core element of the License Raj, was abolished in July 1991 (Gakhar 2006). Sebastian (2007, 183) has documented the results of this change. 'During the ten years preceding the policy reforms [in 1991], FDI

approvals averaged 800 in a year. In the next five years, we find that the approvals per year more than doubled to 1,744.' The music industry per se was too miniscule to appear in any of Sebastian's analyses; but Vinay Sapru, Vice President of Marketing for the transnational music company, Universal Music, argued in 2000 that 'The rate of investment in the industry has gone up' and that this was due to 'the Government policy of allowing Foreign Direct Investment in selling and retailing of music' (*Daily Excelsior* 25 July 2000). Both the transnationals and the local Indian companies sought to profit from one or more sectors of a market in which 'film soundtracks [were] ringing in pots of gold for those in the audio cassette business' (Bhargava 1996) and that had reached Rs 1200 crores by 1996, according to the *Sunday Observer* (1996). Although the same report suggested that 40 per cent of that revenue was from pirated products, the late 1990s were 'a glorious period for money from music companies' (Yash Chopra, personal communication, 2006).

The high returns that film-makers were witnessing (from sales of music they themselves were producing) motivated some established film production houses to create their own music labels so that they could retain the ownership of that music and more profit directly from sales of that music. Rajshri Studios established its music subsidiary in 1998, Chopra's Yash Raj Music, opened early in the twenty-first century. The practices around actual ownership of film soundtracks had never been an issue prior to 1970, or even 1980. Soundtracks were given, in effect, to GCI or Polydor by film producers who paid for and owned them. In exchange, film producers received contracts offering potential royalties on any future sales and more importantly, the publicity value of those songs as they appeared in the market and on radio. In the latter 1980s, as the value of film song increased, Gulshan Kumar, the owner of Supercassettes (T-Series) caused a revolution by purchasing film soundtracks outright from individuals who were almost always desperate for cash to pay production costs. The success of this strategy forced other music companies to follow suit, sometimes leading to quite volatile 'bidding wars' as rival companies competed for the purchase of potentially popular soundtracks. As the value of soundtrack revenues continued to grow, film producers like Yash Raj and Rajshri sought to cut the music companies out of the picture altogether by creating their own music companies that could retain legal ownership of the soundtracks that could be distributed under their own brands.

Digital compact discs appeared on the Indian market in the mid-1990s; but the cassette remained the primary commodity through that decade, as Chopra's comments earlier suggest GCI's cassette production, for example, grew more or less consistently from 23 lakh units in their first year of production (1984–5) to a high point, only reached in 2000–1, of 486 lakh units (Saregama Internal Report 2008). During the 1990s, however, the liberalization of the rules governing local businesses became increasingly a process that opened the doors for global capital. Some Indian companies had been eager to work with their transnational counterparts and, as economic liberalization in India became more and more global, transnationals (some of whom had only just left) were also eager to take profit from the potentially large Indian marketplace. In an article entitled, 'Music giants return', the *Sunday Observer* suggested that it was 'the chorus of liberalization that the Indian government has lately been shrilling' that was attracting global capital (Varghese 1994, 13). In the 1990s, liberalization, was beginning to gradually connect the Indian music economy to the world economy. Locally successful entrepreneurs were becoming small fish in the ocean of global music, which was filled with the trans-national giants. Suresh Thomas left Magnasound, the highly successful Indian pop label, in 1990 to go into business for himself and ended up creating Crescendo Music at a time when Indians were consuming greater quantities of music than had been the case ten, or even five years earlier.

Manuel (1993) has noted that the advent of cassette culture encouraged the music industry to think more seriously about the benefits of marketing to niche audiences. The impact of this effect continued into the 1990s. Suresh Thomas (personal communication, 2011) has recalled:

> A lot of people started coming to me and saying, 'look, I have this recording, can you distribute it for me?' Small labels, ghazals, or classical music, in which I had no interest. But, I said, 'Ok, we'll do some kind of licensing deal and take care of it.' So in that way I started getting a lot of product without investing money. I guess I was in the right place at the right time….We were the first company to start licensing deals with other [Indian] labels. Because nobody was doing that; they wanted it to be their music and their label.

Thomas' former employer had pioneered the transnational music licensing process in India; but the experiences of Magnasound's owner, Shashi Gopal, demonstrate the challenges imposed by India's

regulatory environment. Gopal had reached a tentative agreement with WEA (Warner-Electra-Atlantic) to manufacture and distribute WEA products, but spent eighteen months negotiating licensing approval from India's various ministries. The ultimate approval, which came from the Reserve Bank of India, imposed royalty rates and license structures that required further extended negotiations with WEA and was not signed until 1988 (Shashi Gopal, personal communication, 2008). With Crescendo, Thomas extended licensing practices to include local Indian music producers as well. Not long after he established the company, Thomas signed a licensing agreement with BMG, the large European music publishing company. One year after that agreement was signed, however, BMG offered Thomas the opportunity to shift from the kind of 'flimsy licensing agreements' disparaged by the *Sunday Observer*, to what that paper called a 'solid equity participation tie-up' (Varghese 1994). In consequence, taking advantage of the relaxation in regulations controlling foreign direct investment, Thomas sold 51 per cent of his new company to BMG.

BMG Crescendo performed quite successfully in the late 1990s, selling BMG's international products along with the local content that smaller Indian producers licensed to the company. 'It was all going fine till 2003-04. By then the downturn had started and BMG had changed, and the whole merger with Sony was happening' (Suresh Thomas, personal communication, 2011). BMG's merger with the giant Sony Corporation in 2004 (as Sony BMG), was followed two years later by BMG's complete withdrawal from the music publishing and production business. This withdrawal left Thomas as a minor participant in a corporation with a truly global spreadsheet, with whom he had none of the personal relationships that had encouraged the BMG connection. To make things worse, because Sony was a music production company in its own right (among other things) and was trying to establish its own label in India, Crescendo found itself in competition with the conglomerate that was also its majority owner. 'We weren't selling and the cash flow stopped and I ended up in debt and couldn't pay royalties or anything' (Suresh Thomas, personal communication, 2011). As Nayar (2001, 169) has noted, 'The swiftness, vigour and aggressiveness with which foreign investors sought to penetrate and capture the domestic market…and more crucially to sideline or oust earlier local partners in joint ventures surprised the Indian corporate sector.' Thomas ultimately recovered much of his catalogue,

which he had been forced to mortgage; but his experiences in the world music economy were not unique.

As early as the mid-1990s, some Indian businesses were beginning to understand 'the consequences of the pulling down of the barriers of an earlier protectionist regime against the imports and of the state's new embrace of foreign investment through concessions' (Nayar 2001, 159). The Confederation of Indian Industry (CII) had been founded in 1974 primarily as a lobbying group to advocate for the relaxation of the laws limiting foreign direct investment. Nevertheless, 'in March 1996, in an unexpected broadside, CII Director-General Tarun Das sharply attacked the behaviour of foreign multinationals in India, pointedly referring to their "cowboy" approach toward their local partners' (Nayar 2001, 159). Music companies that entered the market in the 1990s encountered a more global environment that required business strategies that were equally global. Mandar Thakur (personal communication, 2012), chief operating office of Time Music, founded in 1998, has suggested to me that 'as companies from India, us [Times Music], T-Series, Saregama, our outlook has to be fairly global.' Companies whose orientation treated India as an independent or isolated market often found themselves confronting the 'aggressiveness' of the global marketplace.

Global-Local Contest in the Era of Digitalization

My goal here has been to trace the interactions among music industry structure, Indian government economic and regulatory policy, and the long period of growth in the commodity value of recorded music from 1970 through the early twenty-first century. The barriers of the License Raj may never have been impenetrable (Sebastian 2007); but for much of the later twentieth century, they proved sufficient, especially in the small and often marginalized world of music production, to ensure India's economic, and therefore mass cultural, isolation from the world music economy. However unsuccessful the License Raj may have been in economic terms, it ensured the cultural survival of an enormous popular music culture that maintained a position independent of the economic and cultural norms of the world music economy. This allowed the inheritors of EMI's colonial-era assets (GCI) to maintain a monopoly on record production. Together with the free content provided to GCI by film producers, the GCI monopoly dis-incentivized the commercial-scale

production of independent, non-film music and left the consumption of recorded music commodities in the hands of India's elite and upper middle classes. As India's commitment to economic nationalism began to shift in the 1970s, recorded music production and commerce appeared divided into the familiar 'organized'—'disorganized' sectors (Atul Churamani, personal communication, 2008). In this case, the transnationals who represented the former proved no match for the local entrepreneurs who comprised the latter and who took advantage of India's naïve, if not neglected, intellectual property environment in both legal and non-legal ways. The technology transfers that accompanied the first wave of Indian engagement with the global music economy hastened Indian mastery of digital recording and production technology in the 1990s, as evidenced in new recording studios and the growing production quality of recorded music.

By the early 2000s, the digitalization of the Indian music industry was reaching global standards. Indian music consumption, however, has more recently and directly been affected by the interaction of globalization in general and the Indian government's New Telecom Policy, formalized in 1999 (Singh, Soni, and Kathuria, n. d.). As Doron and Jeffery (2013, 6) have noted, India's 2011 decennial census, 'revealed [that]…mobile-phone density in 2011 approached 75 per cent. In hilly states like Himachal Pradesh, where mobile phones saved hours of exhausting travel, teledensity was 82 per cent'. The radical increase in consumer access to non-physical music formats that followed the cellular boom offered the music industry a new revenue stream at a time when illegal entrepreneurs were using digital technology to cut deeply into legitimate revenues using the mp3 audio and mp4 video formats. Contemporary music entrepreneurs have focused on song downloads, various forms of ring tones, and (more recently) music streaming, all delivered over the new cellular/digital platform. Following changes to the Indian Copyright Act in 2012, India's increasingly globalized music economy is engaged with issues surrounding licensing and rights management. Many aspects of this transformation of music use and consumption via the digital/cellular platform are unresolved. As such, the digital/cellular revolution, itself a result of increasingly globalized conditions, at least among India's middle and upper classes, is a topic that requires considerable future research. As yet, it remains unclear to what extent these radical changes in music consumption technologies and behaviours of the twenty-first century will further transform the nature of local-global conflict in the Indian music industries.

6

Aswin Punathambekar

Industrial Identity and Reform

The Making of Bollywood

John Caldwell has shown us how industrial identity practices (branding, syndication, franchising, and so on) are related to specific institutional and economic logics. In his view, our understanding of the concept of identity as 'something more slippery and transitory' and involving performative dimensions can be fruitfully extended to see that the 'media's approach to corporate identity can be similarly contingent, slippery, volatile, changing, tactical, and theatricalized' (Caldwell 2008, 235). In focusing on the performative dimensions of industry practice, this chapter inevitably sets the discussion of corporatization and industrial transformation in relation to a broader discourse of derivativeness that has haunted the Bombay film industry and even more so, Bollywood. As Rajadhyaksha (2008, 19) reminds us, Hollywood does after all remain 'the overdetermined barometer of comparison' for media industries across Asia. While this issue of derivativeness has been addressed from textual and aesthetic perspectives, we are yet to pay close attention to how this plays out in relation to industrial imaginaries and logics. I show here that the refashioning of the Bombay film industry as Bollywood has to do with a range of players in the industry—from corporate executives like UTV's Ronnie Screwvala to Karan Johar, who manages a family business—carefully cultivating and maintaining a position of difference in the global media landscape (particularly in relation to Hollywood) even as they adopt new perspectives and practices.

At the industry level, the role of the Federation of Indian Chambers of Commerce and Industry (FICCI) has been quite crucial in providing the organizational umbrella for the Bollywood project as a consciously reforming agenda. To illustrate this far from seamless cross-fade in the story of Indian cinema, I focus my attention here on the tenth anniversary of the FICCI-FRAMES convention in 2009 as a way to capture the impact that a decade of corporatization exerted upon the Bombay film industry and the manners of its business. The focus of this chapter on 'industrial identity' allows us to push beyond state-centric explanations of media transition or a narrow quantification of economic impact. Exploring the strategies adopted by family businesses like Dharma Productions (Karan Johar) and Yash Raj Films (Yash Chopra) opens up an opportunity to situate the operations of the media industries in Bombay within a broader history of the enduring presence and powerful role played by family businesses in Indian capitalism. The work of historians and anthropologists of market cultures and kinship-based capitalism, therefore, also informs my analysis here (Bayly 1983; Damodaran 2008; Ray 1979; Tripathi 2004; Yang 1998). Framed in relation to these broader questions, this chapter shows that the picture of Bollywood that emerged at the end of the first decade of 'corporatization' was that of a space of media production being shaped by a productive, if at times uneasy, coexistence of heterogeneous capitalist practices; these were defined as much by kinship networks and interpersonal relations as by the modes of speculation and risk-management that Hollywood has rendered globally recognizable.

Corporatization as Reform

To begin with, rapid expansion in print and television markets in India during the 1990s led to the emergence of media conglomerates which established a growing presence in the film industry. Groups such as Network 18, Essel, and Times that owned and operated television channels, cable and satellite companies, gaming companies, and newspapers and magazines also established film production and distribution divisions. With home video rights, television rights, remake rights, and merchandising contracts emerging as major revenue streams, these moves towards conglomeration reflected growing competition and, crucially, the interest that foreign players had begun to show in the Indian media and entertainment sector.

Co-production and distribution deals signed by companies like Sony, Warner Brothers, Disney, and Fox increased capital flows in Mumbai's media world. Changes in access to capital were also brought about by increased private equity investments in the media and entertainment business. Influential players such as Merrill Lynch, Goldman Sachs, and Citigroup made significant investments in different sectors of the film and television industries. Further, with regulatory changes making 100 per cent foreign direct investment (FDI) possible, there is no doubt the decade from 1999–2009 was a period marked by dramatic changes in capital flows into and within Bombay's media economy. There is no denying, nonetheless, the 'occult' nature of this domain of finance capital. Similarly, modes of speculation in Bollywood remained intimately linked to production rituals such as the *mahurat* (an auspicious date and time for launching new ventures) that invoke the divine even as they conjure economic performance at the box office.

As the Comaroffs observe, contemporary global finance is equally rooted 'in two inscrutables: a faith in probability (itself a notoriously poor way of predicting the future from the past) and a monetary system that depends for its existence on 'confidence', a chimera knowable, tautologically, only by its effects' (Comaroff and Comoroff 2001, 20). If anything, these newly conjoined realms of speculation involving global financial trade bodies, transnational media conglomerates, and the Bombay film industry are just as magical, unreal, and unpredictable as, say, the shadowy world of 'black' money that historically linked Bombay's media world with 'other' transnational circuits of capital. Nonetheless, the fashioning of Bollywood as a global media industry, approached by the Indian state and institutions like FICCI as a process of corporatization, was not merely about financing and accounting practices. Rather, it was also concerned with transforming the culture of production in the Bombay film world in such a way that the purportedly rational and globally recognizable languages of risk and modes of speculation would, gradually, supersede the predominantly kinship-based logics of trust and long-standing interpersonal relations that had shaped the workings of the film industry in Bombay for well over five decades. As Madhava Prasad (1998, 49) has noted, 'pre-capitalist ideologies in which relations based on loyalty, servitude, the honor of the *khandaan* (clan), and institutionalized Hindu religious practices' have for long structured social relationships as well as the production process in the Bombay film industry.

Agenda Setting at FRAMES

FRAMES 2009, a media convention organized by FICCI in collaboration with the U.S. Department of Commerce, brought together nearly 3000 individuals—media executives, directors and producers, policymakers, bureaucrats, and others involved with the media industries—from over twenty countries. Since the mid-1990s, FICCI has played a crucial role in mediating ties between the Indian government and the media industries and, more broadly, assembling a formalized 'Media and Entertainment' sector with Bollywood at the centre. In addition to 'facilitating the policy framework for the growth and development of the film industry', FICCI also organized FRAMES, an annual convention that has emerged as one of the most important sites where the emergence of Bollywood as a cultural industry has been staged (KPMG-FICCI 2009). Held annually since the year 2000, the overarching goal for the FRAMES 2009 convention was to 'celebrate a decade' of the corporatization and globalization of Bollywood. The 2009 FICCI-FRAMES convention spanned three days (21–23 February) and was attended by media industry professionals and policy-makers from around the world. Held in the five-star Renaissance Hotel in suburban Mumbai, the main space of the convention was defined by an L-shaped hallway. This hallway was flanked on the one side by stalls and on the other side by rooms of varying sizes for panel sessions, workshops, and keynote speeches.

The stalls featured technology exhibits relating to design and special effects (companies like HP, Intel, and Adobe), media companies for whom the convention was a key site for raising brand awareness as well as a space for networking (Sony Entertainment Television, ZEE TV, Nokia, X-Box 360), and organizations that were trying to forge ties with the media industry in Mumbai (UK Film Council, MIP TV). With a number of tables serving water, coffee, tea, and biscuits throughout the day, this hallway served as the primary space for interaction among attendees. These interactions, moreover, were mediated by television networks that were reporting on the convention in 'real time' (that attendees could watch on television screens throughout the hotel) as well as a number of pamphlets and brochures that were distributed by representatives of various companies and film councils. For instance, UTV, one of the main sponsors of FRAMES 2009, had set up a stall at the entrance to the hallway where its business news correspondents conducted interviews with a range of high-profile industry professionals

attending the convention. Taken together, the spatial layout, networking events, entertainment shows each evening, and 'live' television and print coverage did serve, as Caldwell (2008, 96) argues based on his observations at trade conventions in the United States, to 'interpret and chart the meanings, the social significance, and the economic logic' of the entire convention. FRAMES 2009 was, as this official interpretation would have it, about 'celebrating a decade' of media globalization in India and in particular, Bollywood (KPMG-FICCI 2009).

FRAMES 2009, like other such media industry conventions, was primarily intended to serve as a vehicle for 'industrial consensus forming'. It was thus a gathering where a range of bureaucrats and industry professionals would, over a span of three days, perform a neat narrative of Bollywood 'going global' and becoming 'corporatized.' However, with the worldwide financial crisis looming large over the gathering, the celebration was clearly a bit subdued. Every speaker at the inaugural session felt compelled to remind the audience that the media and entertainment industries were not recession-proof. At the same time, prominent government and industry figures doggedly framed the downturn as a brief interval in what was otherwise a spectacular period of transformation and growth for Bollywood. This 'framing narrative' was reinforced with the official release of the *Media and Entertainment Industry Report* prepared by the consultancy firm KPMG, subtitled 'In the interval…But ready for the next act' (KPMG–FICCI 2009). But this narrative, which elided the complex manner in which the Bombay film industry's transformation into Bollywood had unfolded over the past decade, could not be sustained even during the inaugural session. Indeed, every panel that I attended at FRAMES 2009 featured interactions between representatives of large media corporations and producers who were grappling with the challenges of transforming their family-run businesses, production cultures, and outlooks to fit visions of a corporatized media industry.

Celebrating a Decade

Yash Chopra, co-chairperson of the FICCI Entertainment Committee, was also one of the most prominent and influential producer-directors in Bollywood. Chopra has, with his son Aditya Chopra's assistance, successfully transformed his production company into a powerful

studio that now has stakes in film production, film distribution, home entertainment, television, and music. In his address to the FICCI-FRAMES convention, Chopra exhorted everyone to consider the economic downturn as an opportunity to reflect on improving their business practices. Then, in a jump cut, Chopra announced that he wanted to invite 'a very, very talented writer, producer and director, someone who is like a son to me…Karan Johar, onto the stage.' To thunderous applause from the audience, Chopra then declared, 'Karan, who is very dear to me, will from today serve as co-chairman of the FICCI Entertainment Committee, along with me and Kunal Dasgupta.' Karan Johar represents another powerful family in Bollywood and had, over the preceding decade, refashioned a small-scale production company (Dharma Productions) that his father had established in 1976 into a model 'corporatized' set up. Thanking 'Yash Uncle' and touching his feet in a gesture of respect, Karan Johar went on to remark that his father, producer-director Yash Johar, had always dreamed of a platform like FICCI-FRAMES, an organization that could 'put Indian entertainment on the global map.' Yash Chopra's presence on the stage and Karan Johar's public induction into FICCI were thereby striking reminders to everyone present of the enduring power of long-standing social and kinship relationships in the Bombay film industry.

By 2009, for all their confidence in market cycles, risk management techniques, and Hollywood-style film marketing, corporate executives had come to acknowledge, if only grudgingly, that Bombay's established family-run companies had considerable experience in gauging audience tastes and expectations. By the same token, prominent figures like Yash Chopra became adamant in pointing out that 'corporatization' was leading to greater transparency and better business practices. Indeed, by this stage, corporatization had become a term deployed by the trade press to refer not only to new modes of film financing, but to a series of changes at every step of the film-making process, including preparing a bound script, developing and working with schedules, and getting stars to sign and honour written contracts. It also appeared to sanction in-film branding, corporate tie-ups, along with aggressive marketing and promotional campaigns that calculated processes of market segmentation gathering momentum amongst India's film audiences. All these new procedures and devices reflected the entry of large industrial houses, corporations, and television companies into the business of film production and

distribution, and the emergence of multiplexes to replace single-screen cinema halls across urban India. At its core, however, the applicability of the term 'corporatization' truly hinged on the ability of family-firms to align themselves in relation to what Ashish Rajadhyaksha (2003) has termed the 'Bollywoodization of Indian cinema'.

Breaking the Frame

Among the many artifacts circulating at FRAMES 2009, one publication, *Picklemag*, was in the hands of virtually every attendee by the end of the first day. Featuring advertisements from major companies and organizations that had a presence at the convention, this trade magazine included stories about the improbable success of the Oscar Academy award-winning film *Slumdog Millionaire* (2008), interviews with prominent industry personalities, spotlights on different sectors of the media economy, a report on the UK Film Council, and an overview of the performance of BIG Pictures (a division of Reliance Entertainment), one of the largest and most well-funded companies operating in Bollywood. On the first few pages of *Picklemag*, Amit Mitra, the secretary general of FICCI, offered his reflection on a full decade of corporatization. Titled 'Framing Indian Media's Progress,' Mitra's (2009) opening article highlights the instrumental role that FICCI has played in 'bringing about several policy changes through consistent dialogue with the policy-makers and stakeholders'. Situating changes in film production alongside developments in cable and satellite television, the emergence of multiplex chains across urban India, and the entry of large media and non-media corporations into the film business, Mitra outlines a predictable, and reassuring, story of change. According to Mitra, the first and foremost challenge for the industry had revolved around the issue of film financing. Corporatization, in this context meant working with film companies to develop, at the very least, a balance sheet that banks and other investors could examine. By the same token, this process also involved getting banks to understand how to assess risk in the film business. As he recalled:

> Banks had no idea how to lend. FICCI worked closely with IDBI (Industrial Development Bank of India). We took the then Minister for Information & Broadcasting Sushma Swaraj to New York where 22 bankers from the world congregated. She discussed for three hours the feasibility of lending

> to the business of movies. They explained how they are lending and are also making money, how they diversify risk, how they balance portfolios where eight films are made—one succeeds and seven fail, and yet you make a buck. So, the technology of lending in a risk environment was shared. (Mitra 2009, 4)

From this perspective, corporatization was about bringing the operations of the film industry—and in particular, notions of risk and modes of speculation that shaped the workings of the industry—into alignment with the demands of global capital. In Mitra's view, this agenda had become well advanced over the course of the decade. However, several panel discussions at FRAMES 2009 revealed that the transition from Bombay to Bollywood was far from seamless. Rather, this was a contested, uneven, and, at times, volatile reworking of the prevailing culture of capitalism in the Bombay film world. One panel in particular—The Business of Filmmaking in 2008: Agony or Ecstasy?—clearly disrupted the celebration agenda and became a topic of conversation for the remainder of the convention. Held on the second day of the convention, this panel brought together film-makers from established family businesses as well as executives from large media corporations that entered different sectors of the film industry over the past decade. The question that each panellist had been asked to address was this: 'Despite unprecedented levels of investment in production, distribution, and exhibition, why does the film industry continue to grapple with failure on such a large scale?' The year 2008, the moderator noted, had been a particularly dismal one with less than ten films earning enough to classify as a 'hit.'

The first speaker, Goldie Behl, son of well-known producer and director (the late Ramesh Behl), said nothing that was new, either to his fellow panellists or those in the audience. Behl trotted out a well-worn cliché about the difficulties of treading the fine line between commerce and art that defined film-making. As he saw it, 'if the studios are playing a stock market game, then they are going to be in trouble.' Things took a much more exciting turn, however, when Vishesh Bhatt, son of producer Mukesh Bhatt and nephew of well-known director Mahesh Bhatt, was handed the microphone. Beginning with an account of his family-run company's films that had failed at the box office and the one hit they had delivered in 2008 (*Jannat*, or Heaven), Bhatt's speech soon grew pointed. While his comments on the unreliability of box office figures

and questionable reporting practices in the Hindi film industry drew knowing nods and a few 'yeahs' and 'hmms' from the audience, his next set of comments set the room abuzz. 'We, in our company, foolishly believed that a good story was the only formula for success. But we also knew that marketing muscle only was not the way out and definitely not worth the risk.' Pausing for a moment and waving his hand, as if to draw attention to the corporate executives on stage, he continued, '…considering that we invest our own hard-won money.' As his fellow panellists smiled nervously and nodded politely, Bhatt delivered the lines that made them visibly uncomfortable. 'In the past we also failed, but we at least came clean of the blood that most corporate companies have on their hands… after unknowingly, initially, and later knowingly deceiving the public and bringing down the industry with exaggerated spending and then claiming bogus returns.'

Three more speakers followed Bhatt—Sunil Kheterpal, a former banking industry executive now serving as the chief operating officer of Big Pictures, Reliance Entertainment's film division; Vikas Bahl, a television and advertising industry executive who now oversees Spotboy, a division of UTV Motion Pictures; and Vishal Kapur, chief operating officer of FUN Cinemas, then a prominent multiplex chain. Not surprisingly, they all avoided responding to Bhatt's challenge. While Bahl sidestepped the question of film financing and speculation altogether by talking about the importance of developing good stories, both Kheterpal and Kapur delivered talks involving PowerPoint slides, graphs, and statistics that seemed designed to avoid precisely the kind of discussion that Bhatt apparently wanted to generate. Their presentations were clearly designed to assuage any nervousness about the state of the industry and of potential investors' doubts about entering a business space where risk management strategies involve propitiating the right spirits in order to conjure a 'superhit' for financiers. In counterpoint to the blandishments of such corporate analysis, Goldie Behl's remark about being 'a second-generation kid in the industry' was also significant, since it speaks explicitly to the fact that the interpersonal networks that he is ensconced in provide him the cultural and financial capital needed to weather periods of economic uncertainties. In counterpoint, 'diversification', 'innovation', 'optimizing margins', 'leveraging IP', 'brand differentiation', and 'balanced portfolios' constituted the idiomatic capital that adorned the PowerPoint slides that Kheterpal and Kapur used for their presentation of the new corporate voice.

Staging Difference

These idiomatic conventions thereby signalled the distance and difference between the 'new' Indian media economy and 'filmi' people like Vishesh Bhatt, while also reframing the challenges facing the film industry in terms of a period of transition between two distinct and seemingly incommensurable cultures of capitalism. Indeed, at the height of the economic boom in 2006–7, numerous news and trade stories framed this period of transition as one in which new corporate studios would entirely change the workings of the Bombay film industry. As a consequence, the discursive frames of 'corporatization' unequivocally positioned the hundreds of film producers, distributors, and exhibitors in the Bombay film industry as outsiders in an emergent Bollywood formation. The industry itself, then, became cast as residual actors to be regarded as objects of reform. As a *Business Week* report from 2002 declared, 'Bollywood, as a business, is a mess' (Kripalani and Grover 2002). Comparing the chaotic mode of production in the Bombay film industry to the streamlined, efficient, rational, and corporatized mode and culture of production that the likes of UTV and Reliance Entertainment had supposedly ushered in, a glut of press stories framed the transformation of the Bombay film industry into Bollywood as marking a decisive break from the past. This self-conscious paradigm shift was also reflected in the self-presentations of the emerging media corporations themselves. For companies like UTV and Shree Ashtavinayak Cine Vision, their industrial identity was established explicitly in relation to the linear progression from Bombay cinema to Bollywood, as endorsed by FICCI narrative of reform.

This narrative, in which UTV takes credit for professionalizing the film production process and establishing new organizational forms in Bombay, is one that other corporate entrants also relied upon to establish their credentials in and as Bollywood Inc. Shree Ashtavinayak Cine Vision's claim is even bolder, with the company declaring itself to be 'the pioneering corporate structure in the tinsel town' (SACV 2009). These narratives place great emphasis on presenting companies as operating within a very different culture of capitalism, especially in relation to the issue of transparency. Both the UTV and Shree Ashtavinayak websites, for instance, include a prominent link ('Investors') leading to a page with details regarding the board of directors, quarterly results, annual reports, and shareholder details. It declares that the

company is 'committed to maintaining the highest standards of corporate governance, financial transparency, and maximizing shareholder value.' Without a doubt, these performative elements of industrial identity are intended to indicate changing patterns of corporate governance and the emergence of a managerial system that is built on clear distinctions between different domains of the business entity. At the same time, this emphasis on company structure and managerial logics signals another key difference. Even as this corporate narrative emphasizes the importance of key executives (UTV's Ronnie Screwvala, for example) great care is taken to not allow any one person's identity to overshadow the corporation's professional outlook and 'impersonal' approach to the business of media production and circulation.

This positioning of the corporate and professional cultures of production is utterly incongruent with the kinship-based workings of the Bombay film industry. It was also central to the argument that panellists on another panel—'US-India: Overcoming Obstacles to Doing Business in the Two Largest Global Film Markets'—had made the previous day. This panel offered a straightforward and homogenizing narrative of progress in which the transition from a 'pre-capitalist' mode of production to a one that would be in tune with global capital was framed as being inevitable, if not entirely seamless. In counterpoint, Vishesh Bhatt's outburst, during which he accused corporate executives of being irresponsible and even underhanded, therefore needs to be understood in part as a response to this corporate narrative in which Hollywood mechanisms and corporate finance would, in the fullness of time, come to define business logics, industrial practices, and production cultures of Bollywood. Of course, Bhatt's remarks were also a strategic performance of incommensurability, with the difference being that he mobilized a distinct strain of the culturalist discourse. The corporate narrative located the Bombay film industry in a 'prolonged state of not-yetness,' a familiar trope that has been deployed, as Madhava Prasad (1998, 6) points out, by western critics as well as the Indian state. In response, Bhatt positioned small-scale and family-owned companies like his own as part of a culture of production that was culturally distinct and, moreover, had the Indian public's interests at heart.

Perhaps not surprisingly, Bhatt was not the only one to make this rhetorical move. By the end of 2008, news and trade coverage of Bollywood had shifted to arguing that the corporate studios, particularly those from

Hollywood, were stumbling because they simply could not come to grips with the specificities of the culture of media production in Bombay. As Karan Johar himself put it in an article that catalogued a series of Hollywood studios' production fiascos in India, 'I think the studios have adjustment issues, cultural issues and inadequate human resources. They understand the business, but how well do they understand the pulse of the audience?' (Chopra 2009). Thus, both Johar and Bhatt took recourse to claims of cultural difference, authenticity, and literacy. Invoking the figure of a culturally different and unique Indian 'audience' remained an article of faith for most media industry professionals in Bombay. In the Bollywood context, this claim on the part of producers and directors like Vishesh Bhatt and Karan Johar as well as stars like Aamir Khan and Shah Rukh Khan, routinely invokes 'local cultural difference'. This identity claim, and their own indispensability, is thereby tied to a broader economic and institutional imperative. The mobilization of this strategic difference remains qualitatively different, however, from raising the particularity of India's film business as a direct challenge to the corporate agenda itself. The following exchange at FRAMES 2009 was instructive in this regard: towards the end of the question and answer session on the 'The Business of Filmmaking in 2008: Agony or Ecstasy?' panel, a middle-aged, diminutive man seated in one of the last rows raised his hand and stood up.

> Q: I am an independent businessman, and I have been in this business for many, many years now. I belong to exhibition sector. We own theatres. And I read FICCI's PwC (PricewaterhouseCoopers) report regularly. Once, I was called for an interview at Star Plus and a PwC rep was also there. He projected that in 2006, the industry was worth 43,700 crores and in 2009, 1 lakh crores-across entertainment and media. I said, please you talk only about entertainment because I know only film production, distribution and exhibition. Figures were showing 8,500 crores, and projection was some 12000–13000 crores. Even last year, 216 films were released. Only six were hits.
>
> Vishesh Bhatt (interrupting): A lot of people are trying to dodge the discussion, but I'm on your side.
>
> Q: Once a picture is released on Friday, its fate is decided. So I asked the PwC man: how do you get those figures? Ultimately, he said please don't ask such questions. Then they gave me a ring. I said you tell me where you got those figures. They are misguiding.

Before he could finish, Amit Khanna, seated in the first row, interrupted. Khanna, chairperson of Reliance Entertainment, also serves as chairperson of the Convergence Committee of FICCI and has been one of the most influential industry figures to champion corporatization. Even before this question was posed, Khanna had expressed his disapproval of Vishesh Bhatt's previous outburst. Paying no heed to the moderator's request to let the audience member complete his question, Khanna intervened:

> Amit Khanna: I am responding on behalf of FICCI. It's very simple. No figures are fudged. You probably don't know how to read the report. These are not numbers that are pulled out of a hat. There is a lot of research that goes into this, and there is a methodology. There were 3.6 billion admits in India last year. So we average out the costs. Consumer paid that much money at box office. So that is real money. Reports are not throwing numbers. If you are talking about 12000 crores as revenue for the film industry, you have to take into account the money that the music industry, home entertainment business, overseas returns, mobile operators-money that they all paid the film industry. So these numbers are not cooked up, let me assure you.

Khanna's rebuke speaks to one of the most crucial dimensions of self-transformation demanded by the Bollywood project—the requirement to accept a new language of risk in order to participate in new modes of speculation. Reports produced by management consultancy firms each year for the FRAMES convention have served as prompts by which new modes and idioms of risk and speculation have been specified and rehearsed. Over the decade of 'corporatization', these reports had come to be regarded as crucial to the legitimization of Bollywood as a global media industry. But there is no guarantee, as the exchange above shows, that such instructive presentations are left uncontested. Indeed, it would be safe to assume that everyone in this conference room was keenly aware of the disjuncture between corporate identity claims and actual practices. Even as Khanna finished speaking, another person in the audience piped up, 'And we know how reliable PwC figures are!' A few weeks before the convention, it had come to light that PricewaterhouseCoopers (PWC) had been complicit in a major infotech company's fraudulent accounting practices. Amid much laughter from the audience, the moderator brought the panel to a rapid close, saying, 'In FICCI's defense, this year's report was produced by KPMG, not PricewaterhouseCoopers!' Amit Khanna's stern response was not quite sufficient, then, to silence the independent

businessman or Vishesh Bhatt, both of whom posed questions critical of both consultancy reports and the spectacular accumulation that they claimed to document. As Ravi Vasudevan (2011, 395) has observed, the 'porousness between corporate firms, apparently defined by transparent financial protocols and audit, and a world of illicit deals suggest the complications concealed by contemporary discourse of financial probity and industrial regularity.'

Impression Management

I would argue, then, that the panel session on film financing and indeed, the FICCI-FRAMES 2009 convention as a whole revealed that the transition from Bombay cinema to Bollywood was, at its core, about the shift to a new mode of speculation. What the discussions at the convention and statements by figures like Vishesh Bhatt and Karan Johar elided, however, were the ways in which certain small-scale and family-owned companies had adapted, manoeuvred, and successfully negotiated this transition. By the same token, corporate executives' performances and the identity strategies they deployed through websites and other platforms masked the extent to which these rational business models and managerial practices that they espoused were, in fact, tempered and modified by powerful and well-established social networks in the Bombay film industry. In other words, the relationships on the ground were far more complicated than any straightforward corporate/kinship or global/local dichotomies could encapsulate. We must recognize that small-scale and family-run companies, given their capacity to leverage long-standing social relationships, have continued to shape production dynamics and the organizational form of Bollywood. Where the transition from Bombay cinema to Bollywood is concerned, the continuing influence of kin networks has meant the evolution of an organizational form in which a small group of established producers operating small-scale companies, have come to dominate a fragmented production sector, without actually achieving (or seeking to achieve) the consolidation of that sector.

The trajectories of companies like Yash Raj Films or Rajshri Media, another family-run company that re-imagined their scale of operations in the context of Bollywood, do suggest that small-scale and family run production companies were far from averse to the idiom of 'going corporate' or the pragmatic gains of forging relations with large media corporations.

Equally, the producer-director-star network ensured that the actual capacity of incoming media corporations to refigure the domain of film production would be limited. Finance and distribution, however, were another matter entirely. Over the course of that decade, small-scale and independent production companies increasingly entered into distribution arrangements with a handful of large media corporations. In Lorenzen and Taube's account of ongoing organizational changes in Bollywood, it is in the domain of distribution that media corporations have managed to challenge existing industry practices (Lorenzen and Taube 2008). The top ten earning films during the 2000–9 period were distributed not only by established family companies like Yash Raj Films and Rajshri Media, but increasingly by corporate entities including UTV Motion Pictures, Eros Entertainment, Reliance Entertainment, and Shree Ashtavinayak Cine Vision. Further, as Adrian Athique and Douglas Hill (2010) elaborate in their analysis of the multiplex economy in urban India, these shifts in distribution were intimately linked to dramatic changes in the domain of exhibition.

One way to gain a better understanding of what is undoubtedly a complex set of accommodations and alliances is by examining how small-scale family businesses have re-fashioned their industrial identities in response to the vision of Bollywood that the Indian state and FICCI wanted to celebrate in 2009. Karan Johar's Dharma Productions is a particularly good example, and the narrative that the company's website offers speaks precisely to the calibration of industrial identity for a new phase of capital (Dharma Productions 2009). Designed by an IT company that developed web solutions for Yash Raj Films, UTV, Reliance Entertainment, and other prominent media companies, the Dharma Productions home page includes standard elements such as details of films produced by the company as well as information about upcoming productions, a list of key awards that Karan Johar-produced films have won, and promotional materials including screensavers, wallpapers, and mobile phone ringtones that fans can download. To understand how Karan Johar re-positioned his family-run company in Bollywood, we need to navigate to the 'Our Profile' section of the website. Featuring a picture of Karan Johar's father Yash Johar, whose career in the Bombay film industry began in the early 1950s, the profile begins by listing a series of well-known films that Yash Johar produced. Reminding us that he established Dharma Productions Private Limited in 1976, the profile

situates the company as one that has been a key player in the Bombay film industry for over three decades. Three decades of production history are glossed over, however, as the narrative then leaps from the 1970s to the moment of corporatization during the late 1990s:

> Dharma Productions Pvt. Limited's reputation *as a clean, honest company* grew with each of these films and helped build a tremendous amount of goodwill within the fraternity. From then on Yash Johar formed a proprietary concern under the name of Dharma Productions in 1997. What followed next was cinematic history from Dharma Productions (my emphasis). (Dharma Productions 2009)

The emphasis on Dharma Productions being a 'clean' and 'honest' company suggests that the articulation of industrial identity became an imperative only during the late 1990s and specifically, in relation to the film financing scandals and the discourse of *safai* (cleaning up/cleansing) that gained prominence during the late 1990s and early 2000s. Having made the transition into the late 1990s, the rest of the three-page profile focuses entirely on Karan Johar's career beginning with his directorial debut (*Kuch Kuch Hota Hai* 1998). And it is through Karan Johar's trajectory in Bollywood that Dharma Productions' identity as a family-run yet thoroughly professional and globally oriented company is constructed. *Kuch Kuch Hota Hai* was no fluke, we are told, as Karan Johar went on to script, produce, and direct *Kabhi Khushi Kabhie Gham* (K3G, 2001), a film that broke several box-office records and 'featured a line-up of Indian megastars across generations.' K3G was nothing short of a 'casting coup' as the film brought together 'industry stalwarts Amitabh Bachchan and Jaya Bachchan, contemporary megastars Shahrukh Khan and Kajol, and current heartthrobs Hrithik Roshan and Kareena Kapoor.' Accompanied by a picture that shows Karan Johar sitting beside his father on the sets of a film, listening attentively, this narrative firmly embeds the young producer-director within the industry's social network (Dharma Productions 2009). Of course, the capacity to tap into long-standing social and kinship relations is only one dimension and predictor of success. The profile also works to establish Karan Johar's directorial and writing skills by tracking the many awards and accolades that both *Kuch Kuch Hota Hai* and *K3G* won at film festivals in India and, perhaps even more significantly, across Europe and in prestigious settings such as the Cannes Film Festival.

This move beyond the 'national' is framed not only in terms of Dharma Productions films' diaspora-centric narratives and screenings at international film festivals but also, crucially, in relation to distribution. *K3G*, the profile points out, 'was released all over the world with 635 prints and holds the distinction of being the highest grossing Indian film in the UK and the USA' (Dharma Productions 2009) Here is a 'second-generation industry kid,' the profile suggests, who is leading the way for Bollywood to envision a transnational audience. Even as Karan Johar is positioned as the individual now in charge of Dharma Productions and moreover, as one who has the skills as well as the social and cultural capital in the film industry to produce films with the most sought-after actors, there is a recognition that this might not be sufficient in a changing media landscape. The profile then draws our attention to Karan Johar's managerial acumen and willingness to professionalize his family-run company. 'In order to take Dharma Productions into the future, Karan Johar embarked on producing films for independent directors under his banner' (Dharma Productions 2009). Tracing Karan Johar's successes as a producer who backed films such as *Dostana* (2008, dir. Tarun Mansukhani), which sparked debates about homosexuality in India, Dharma Productions is defined as a company that is 'unafraid to raise issues that are less discussed' and that strives to 'push the envelope thematically' (Dharma Productions 2009). Overall, what the website reveals is the construction of a hybrid industrial identity, one that strives to strike a balance between presenting a professional and corporatized image while maintaining its position as a company led by an individual (Karan Johar) who occupies an important position within Bollywood's powerful social network.

This self-presentation of Dharma Productions emphasizes the ability to move back and forth between the corporate world and one in which interpersonal relations continue to be valued just as much as (if not more than) written agreements and contracts. Dharma Productions' transition from being a family-run production banner ensconced within mercantile circuits of capital in Bombay, in which a father-son team produced and directed a film every two or three years, to becoming a corporatized production company in which the charismatic Karan Johar makes every decision, yet has expanded his company's operations to produce a range of films involving a number of writers and directors, illustrates one key trajectory that small-scale companies have taken over the past decade. The profile thus gives us a sense not only of Dharma Productions' industrial

identity but also how this hybrid identity and flexible structure have enabled a family-run, small-scale company to stake a claim in Bollywood. Mapping this phase of transition gets all the more complex when we move beyond large-scale corporations like UTV and family businesses like Dharma Productions to consider production companies like The Factory. Established by Ram Gopal Varma with initial financial backing from K Sera Sera, a company started by non-resident Indians, the production company was initially called Varma Corporation Limited (VCL).

In February 2003, K Sera Sera entered into an agreement with VCL to produce films. Later that year, K Sera Sera signed an agreement with Sahara India, a major conglomerate, as well as Priya Village Roadshow (PVR), a company that has played a key role in reconfiguring the exhibition sector across urban India. While the deal with Sahara India ensured a steady financing stream and the opportunity for additional revenues by broadcasting films on Sahara's television channel (Sahara One), the agreement with PVR targeted marketing and distribution. Building on a series of hit films including *Satya* (1998), *Company* (2000), and *Bhoot* (2003), Varma had by this time re-branded his company as The Factory and established himself as a versatile and edgy film-maker whose films also succeeded at the box office. Observing that Ram Gopal Varma's identity and mode of production is as much a part of Bollywood as that represented by Karan Johar or Aditya Chopra, Ravi Vasudevan (2011, 395) argues that The Factory 'appears to have opened up a different network of industrial access than those controlled by film-making dynasties, their families, business partners, hangers-on and protégés.' Thus, the ways in which companies managed by 'second-generation industry kids' like Karan Johar, Aditya Chopra, Vishesh Bhatt, and Goldie Behl are positioned in Bollywood or, for that matter, influential firms like The Factory or Pritish Nandy Communications, suggest neither corporate dominance nor active resistance on the part of small-scale companies and family businesses.

In the Interval

The picture of Bollywood that emerged at the end of a decade of corporatization was that of a space of media production being shaped by interactions among a range of players negotiating the transition to a new phase of capital and new modes of speculation. As a consequence, the panel

discussions at FRAMES 2009 revealed a far more complex and hybrid media landscape than the official narrative of an emerging corporatized Bollywood. Over a span of those three days, it gradually became clear that the refashioning of the Bombay film industry as Bollywood actually hinged on a set of unequal and deeply ambivalent interactions across three interlinked fields: the Indian state and its tentative embrace of the cultural industries, Hollywood hegemony in defining what constitutes the 'global' for institutions like FICCI, and powerful corporate consultancies. This formation naturally shaped the Bombay film industry's varied response to the reform agenda, with a range of family businesses, small-scale production companies, and large media corporations all grappling with rapidly changing conditions of production, marketing, distribution, and exhibition. In contrast to state-centric analyses that flatten out different domains and layers that constitute Bollywood, it becomes obvious that the transition that it invokes is not a straightforward evolutionary movement from one distinct organizational system and culture of production to another. Rather, it is best understood as a process that is ongoing, uneven, and as we have seen, volatile at times.

Much as the Indian state, trade bodies like FICCI, and corporate consultancies imagine a Hollywood-like future for Bollywood, it remains clear that such projections cannot wish away the deep-rooted social relations and cultural infrastructures that mediate transitions across the production, financing, distribution, and exhibition sectors. At the same time, it would be too reductive to say that the model of capitalist media production that characterizes Indian film production is simply another manifestation of what is an essentially 'Indian' history of capital. The panel discussions at FRAMES 2009 that I discuss here spoke precisely to this issue. Of course, it is understandable that media professionals routinely invoke notions of 'Indian culture' as a way to negotiate a position of difference in the global media landscape, particularly in relation to the universal claims that Hollywood makes. But the larger problem remains that, as Ritu Birla (2009, 10) has argued, 'The affirmation of an authentic Indian capitalism repeats the structural logic of the economy/culture distinction, validating culture on the grounds of its consistency with capitalist economic rationality.' A Bollywood producer-director like Karan Johar comes to represent, by this logic, an Indian capitalist. A closer look at the operations of family firms (including the one that Karan Johar manages) suggests, however, that production relations defined by

mercantile capital and kinship networks are neither static nor contained within national boundaries.

When we move beyond family businesses to consider a wider range of companies and professionals, it becomes evident that every aspect of the emergent Bollywood necessitates ongoing negotiations among actors and institutions enmeshed in multiple, asymmetric, and seemingly incongruent cultures of capitalism. It is in this context that I consider the subtitle of the KPMG report 'In the Interval' as indexing a complicated and evolving terrain of media production, one marked as much by unpredictability as by a sense of certainty regarding the 'next act.' The potency of FICCI and FRAMES in positing corporatization as a remedial terminology within a 'stagist' proposition of industrial progress has itself certainly been a substantial contributor to the Bollywood phenomenon. Within the halls of its own conventions, however, the contradictions and contingencies pertaining to the prerequisites for Bollywood as a reform agenda continue to disrupt the hegemony of this narrative. In doing so, the industry's own official 'roadmap' is confronted with the incommensurate contours of the untidy market that continues to persist beyond the confines of the industry reports through which the agenda is being set. This ongoing disjuncture, evidently, is where the space of the interval resides.

7

Vibodh Parthasarathi

Between Strategic Intent and Considered Silence

Regulatory Contours of the TV Business*

Following successive waves of deregulation in the 1990s, a gigantic shift in the TV landscape transformed the milieu of broadcasting from one of scarcity to that of energetic abundance. This transformation is usually explained by the audience's insatiable hunger for images and sound, the commercial acumen of domestic entrepreneurs, the ingress of global media actors, and changes at large in patterns of consumption. While these together do provide some valid explanations of the historical shift in the TV economy, they do not consider the role of state intervention in actualizing and tempering the nature of this shift. Looking back at the last twenty-five years, we are now able to more coherently decipher imprints of an environment that enabled the creation of today's distinctive media abundance in the TV landscape. In examining the enabling structures

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of the TV industry, our immediate focus falls upon instances of explicit regulatory intervention, that is, both evidence and practice of the 'strategic intent' of government. This interventionist role unfolds through the formal administrative, legal, or legislative protocols conceived proactively or implemented retrospectively, and form the staple diet of policy analyses. In as much as each 'pinpointed' instrument is designed to meet specific regulatory goals, it has to be noted that cumulatively, they suggest nothing close to conceptions of a comprehensive media policy observed elsewhere (Nordenstreng 1974). In fact, conspicuous in the policy history of the media economy in India is the repeated inability to forge legislative will or consensus, as the case may be, on sector-specific or integrated media policy (Garcıa-Murillo 2005, 33–7).

Strategic Intent and Considered Silence

The central aim of this chapter is to unravel the regulatory milieu that has shaped the TV economy over the last twenty-five years. Essentially, there are two primary sites to evaluate imprints of regulatory interventions in the TV business: the constitution of entities participating in private broadcasting and distribution, and the competitive milieu designed for broadcasters and distributors to operate in. This chapter will seek to demonstrate how these sites and their internal dynamics came to be shaped by two types of regulatory responses, signified by the propositions of 'strategic intent' and 'considered silence'. The frame of 'strategic intent' constitutes the interplay between an assortment of formal instruments that, significantly, have been overwhelmingly executive rather than legal or legislative in origin. Parallel to this, the enabling environment for the Indian media economy has been defined by the persistent lack of regulatory response on certain challenges. I call this 'considered silence', not only to convey a descriptive category, but also to determine a comprehensive analytical prism through which we can understand the wider dynamics of a 'deregulated' media economy (Braman 2004; Freedman 2010; Horwitz 1989; Seymour-Ure 1991).

Such a frame for unravelling the gaps in regulatory response shares with the idea of 'negative policy' the Government of India's reluctance to develop new rules and to secure fresh legislation affecting the media (Freedman 2010, 345). This persistent silence in regulatory response suggests a deliberate shying away from defining or formulating coherent

statutes on known regulatory challenges, sometimes over a long period of time. Instances in the rapid evolution of the TV industry considered in this chapter will demonstrate that this conscious non-intervention is, in all likelihood, practised either to not dislodge the interests of certain actors or to maintain status quo in pursuance of unstated aims. Such a strategy is neither thoughtless nor unwitting. Rather, it is a matter of choice, and this is reflected in my choice of the prefix 'considered'. The frame of considered silence encourages us to understand regulatory outcomes in relation to the varying, often contradictory, demands of industry bodies and, more generally, to the dominant interest groups within the Indian media economy. A critical approach of this kind immediately evokes ideas of regulatory capture, whose scrutiny requires entirely different empirical tools from the modes of naturalized market analysis implicated by 'benign neglect' (Balakrishna 2006).

Benign neglect is a notion that signifies a 'hands-off' approach by the state to a particular sector. The idea (ideology, even) of benign neglect has been used to explain de-monopolization and deregulation in a variety of media economies in different settings, ranging from cable in the US during the 1950s and 1960s, to the ITES sector in India during the 1990s. Explanations of India's so-called 'Information Technology Revolution' (a normalized predecessor of the TV revolution and equally a part of the 'new economy') have seen debates between explanatory arguments of laissez-faire entrepreneurship thriving under benign neglect and those that point at the outcomes of gestating state interventions since the mid-1970s (Kapur 2002; Arora et al. 2000; as opposed to Joseph 2002). Critically, it is an implied 'lack of intent' that distinguishes the preferred neo-liberal frame of benign neglect from the set of conditions, intentions, and interests that explicate a frame of considered silence. Accounting for strategic intent, as the imperative for such voluntary restraint in policymaking, pushes us to identify and explain the kinds of interests that non-intervention has served. When we do so, we are often able to eliminate the lack of attentiveness that is required for 'benign neglect' to be a convincing argument. Conversely, this suggests that we deploy the frame of considered silence in order to denote a more insidious trait of purposeful non-intervention.

The Constitution of Indian Television

Concomitant to the evolution of the business of Cable and Satellite (C&S) TV, the last twenty years have seen the emergence of a range

of industry/trade bodies at both the sector and segment level. Within this context, advocacy by industry/trade bodies has gained consistent visibility, and thereby influence, in ways that it did not have in the era prior to liberalization. Collectively, this field of advocacy seeks to achieve certain kinds of regulatory outcomes, be it licensing norms, pricing and service quality, practices of competition and cartelization, fiscal rollback and financial support, technology choice or neutrality, transnational engagement, and/or protectionism. In response, the consideration by state bodies of industry advocacy arguments tends to be manifested through limiting the scope of decisions and decision-making, or narrowcasting regulatory attention to minimally required issues. The ensuing silence as a form of considered non-intervention is made more visible when regulatory and ministerial conduct consistently fails to undertake empirical studies to generate necessary knowledge for informed, scientific policy options. As a direct consequence, regulatory decisions now appear to rely disproportionately on information supplied by media firms, by their trade bodies, and/or aggregated by consulting firms such as KPMG and PricewaterhouseCoopers, who serve as auditors to most large firms in the media industry.

A second, more active, conception of considered silence in policy formation is the conscious prioritizing of regulatory interventions on one issue over another. This is particularly significant where the neglected issue derives consequences from the former. For instance, in the context of the TV industry, there has been detailed attention to design eligibility criteria for licensing TV channels. However, this design does not address consequent regulatory challenges, such as market conditions or potential abuses of competition. Such a blind eye, or wilful de-prioritization, of the regulatory consequences of key policy foundations can be seen as another expression of considered silence. A critical engagement with the contextual basis of considered silence in this instance enables us to grasp how policy environments work to protect or even nurture specific interest groups in the media industry. In this light, the practice of purposeful non-intervention, especially on longstanding policy options, comes to signify a tacit, and thereby strategic, support of specific business entities or business practices. Of course, by contrast to the old state monopolies, the industrial interests of the media economy are often at variance, and the balance of interests evolves over time. In that respect, the dynamics of the C&S TV industry means that interest groups shift periodically

from being at loggerheads to forging temporary coalitions. In this context, at each potential policy juncture, a regulatory silence will implicitly protect or nurture one interest group over others.

Re-Regulation: The Elements of Strategic Intent

The growth of the first wave of private C&S TV channels during the 1990s encountered no coherent regulatory framework since satellite broadcasting, predominantly from Singapore and Hong Kong, constituted a transborder enterprise. At least some of these channels were in Indian languages, addressed an audience within India, and had majority equity by Indian citizens. Nonetheless, since they were operating from outside the jurisdiction of India, there was no policy structure for framing regulatory norms on ownership or ruling against risks to market power. In 1998, the government decisively deregulated satellite broadcasting domestically, and permitted 'non-news' C&S channels to uplink their transmissions from within India. Subsequently in 2000, even private news channels were permitted to uplink from India. These regulatory conditions emerged not as a coherent framework, but in an ad hoc manner via a series of guidelines. Known as the 'Uplinking Guidelines', starting from 2001 and cumulatively modified, these protocols spell out the eligibility criteria for broadcasters to launch news and non-news channels from within India, and also for setting up of teleports and deploying news gathering/relaying equipment. A potential Cable & Satellite broadcaster has to obtain two licenses: a grant of permission agreement from the Union Ministry of Information & Broadcasting (MIB), and a wireless operational license from the Wireless Planning and Coordination (WPC), which is a wing of the Union Department of Telecommunication (DoT). Subsequently, the broadcaster applies to the WPC for spectrum assignment.

The MIB has laid out different eligibility criteria for news channels as opposed to other channel genres. What is common to both criteria is the low barriers to entry, especially the requirements for the net worth of applicant broadcasters. Maintaining low financial barriers to enter the C&S business in the early 2000s indicated a strategic intent to enable numerous, even small, companies to venture into starting TV channels. Thus, the long-tailed market structure that has come to characterize the 900-channel strong C&S TV industry in India is a

direct consequence of decisions regarding eligibility criteria for licenses. This scenario may be usefully contrasted with that in the mobile telecommunication, where high barriers to market entry constituted through license fee and spectrum charges led to only a dozen major operators engaging in the business across the country.

The earliest Uplinking Guidelines of 2001 were also notably weak on statutes pertaining to ownership, a persistent gap in the policy environment throughout the media economy. Nonetheless, the guidelines were revised in 2002 in order to limit foreign investment to a maximum of 26 per cent for news channels. This retrospective cap required news broadcasters with more than 26 per cent foreign equity to divest their stake to domestic companies. So, for instance, in 2003 *Star News* (a Murdoch channel) had to become a minority partner in a joint venture, MCCS, created with the Kolkata-based Anandabazar Patrika Group (a regional newspaper conglomerate). Thus, compared to the 100 per cent FDI permitted for non-news channels, the regulatory caps of 26 per cent for news channels indicated a strategic interest, perhaps even a political one, in promoting the interests of domestic operators in news broadcasting.

It is evident, then, that the deregulated business of C&S TV is subject to a 'conditional liberalization' that is sensitive to the wider context of ownership, content, and influence. The prevailing conditions can be quickly amended by executive amendment of the requisite guidelines, without the formation of policy or stated principles thereof. While the motivations for this particular amendment may have been a singular strategic decision, its focus directs us towards a critical layer within the strategic environment that pertains to foreign investment. As part of incremental reforms in financial markets during the early and mid-2000s, three significant changes are observed that carried implications for media companies. First, the growing centrality of capital markets in the service economy in India offered wider avenues to mobilize resources. This was buttressed by reducing barriers to cross-border capital mobility, which enhanced interlinkages between domestic and foreign financial markets. Finally, the advent of new financial products and innovations from the global financial economy blurred the distinction between bank and non-bank organizations. This was particularly useful for companies planning to enter the media business or to expand existing enterprises. As part of these changes, from 2005, C&S broadcasters were permitted to receive equity from foreign institutional investors (FIIs) and overseas corporate bodies (OCBs), as long

as their shares remained within the sole stipulation of an overall foreign investment cap of 26 per cent in news broadcasting.

However, unlike the relatively strategic motivations commonly assumed to underpin foreign direct investment (FDI), these other forms of portfolio investment tend to be largely agnostic to industry sectors. That is, this money is highly mobile in its investment cycles and typically not accompanied by any domain or technological expertise. By encouraging all forms of portfolio investments, the investment climate was reshaped primarily to benefit the stock prices of domestic news broadcasters that hitherto had little or no FII presence. As a broader ambition, these regulatory revisions sought to stimulate the financialization of the Indian television market.

Taken together, the three key regulatory structures of the C&S TV sector—maintaining low entry-barriers, conditional liberalization of foreign investment, and stimulating financialization—drive us to make separate observations about each part of the regulatory process and intent demarcating the C&S sector. First, all three measures stemmed from executive orders, rather than legislative sanction. This illustrates one rendition of what scholars engaging with liberalization in India have termed as reform by stealth (actions which, inter alia, are invariably directed at protecting or promoting a set of interest groups). Second, when taken together, these three seemingly discrete measures suggest elements of a not-so-amorphous regulatory framework. In fact, these measures indicate the shaping of a particular rendition of entrepreneurial dynamics in the broadcasting segment of TV economy. In doing so, they reveal a complex set of intents and of interests underlying the process of re-regulation.

Maintaining low barriers, especially financial barriers, to enter the nascent space of domestic C&S broadcasting enabled numerous small, regional, and sub-regional interests to start TV channels. It is, perhaps, not insignificant that many of these regional interests were political in providence. Retrospectively imposing FDI caps sought to protect these interests against large global entities, without restricting the ambitions of the larger domestic interests in the television sector. Simultaneously, a window was created to not so much appease but to enable global financial interests to lubricate the horizontal expansion and creation of domestic broadcasters with cross-media interests and holdings. In contrast to TV broadcasting, the thrust of this strategic intent played out rather differently in the distribution segment of the C&S sector (and for distribution in

the media economy more widely). We begin, again, with a vacuum. There was no system of licensing when the business of relaying cable signals began during the early 1990s. Even the Cable Television Networks (Regulation) Act, 1995 mandated only the registration of local cable operators (LCOs) with the nearest post office. Over the years, retrospective licensing in the retail business of TV distribution was made impractical because of over 50,000-plus LCOs operating across India. For the same reason, when the regulator, Telecommunications Regulatory Authority of India (TRAI) issued recommendations for licensing LCOs in 2002, the Ministry of Information and Broadcasting sat over the same in masterly silence for nearly a decade.

However, by the mid-2000s, licensing large cable head-ends, known as multisystem operators (MSOs), was deemed feasible, since they were in a limited number nationally (TRAI 2005, 20–1). Consequently, from 2006, MSOs were compelled to seek permission, albeit not obtain a license like broadcasters had to, from the MIB, by declaring their ownership and specify areas of operation. In contrast to procrastination in the licensing of wired relays of signals by LCOs and MSO, the wireless relay of signals by direct-to-home (DTH) service operators were to be licensed from the very start. This was consistent with the longstanding regulatory principle that all media operations using spectrum, such as mobile telecom or FM radio, mandatorily required licensing. Indeed, the financial stipulations for DTH licensing were more tuned to the licenses of mobile telecom operators than to MSOs, since they required both a license fee for spectrum and a revenue share with the government. Besides, their revenue share was 10 per cent of gross revenue, other conditions included a one-time entry fee of Rs 100 million and a bank guarantee of four times that amount (MIB 2001). Nevertheless, like MSOs, DTH licensees retained a reciprocal 20 per cent cap on investment by or into broadcast entities, thereby not shutting the door on avenues for vertical integration. Unlike MSOs, however, DTH operators received a more lenient cap of 49 per cent foreign investment, compared to 20 per cent for cable. This instilled a regulatory imbalance between the rival technological platforms within the TV distribution business when it came to foreign investment.

In practice, variable investment caps also ended up creating an imbalance within the wireless segment of distribution in those years, since DTH operators who were affiliates or subsidiaries of mobile telecom companies effectively enjoyed a 74 per cent cap on FDI, as was the norm

for the mobile telecommunications sector. Thus, investments in DTH were favoured over cable, while investors with an existing operation in mobile telecoms were favoured above all. It was not until the market share for DTH was established along these lines that the investment cap was standardized at 74 per cent across all three sectors. This prompts us to ask whether this was the effect or the intent of the disparate treatment applied to different parts of the TV distribution business. Evidently, the regulatory protocols for cable and DTH were piecemeal and inconsistent, produced through a series of ad hoc interventions over a decade in which Indian television expanded at an astounding rate. As with TV broadcasting, the business of TV distribution enjoyed minimal financial barriers for market entry, explaining its long-tailed character and equally weak protocols on preventing vertical integration. For their part, the decision-makers seemed principally preoccupied with leveraging both cable and digital platforms to widen access for the public broadcaster's erstwhile terrestrial channels. These state interests had rapidly lost viewership amidst the rapid proliferation of C&S broadcasting. Consequently, DTH platforms, given their higher channel-carrying capacity, were obliged to carry eight public service channels compared to four stipulated for the (then largely analogue) MSOs networks.

In some respects, it appears to be the case that the distribution sector of the TV economy was principally seen as an ancillary to the more visible (and more visibly remunerative) broadcasting sector. Nonetheless, beginning from 2006, when revenues from distribution overtook those from advertising, the centre of gravity within the TV economy began to shift decisively from the broadcast to the distribution sector. Pay channels required a more efficient distribution chain to realize greater subscription. This was not only because the highly fragmented value chain of distribution was unable to provide its due share of subscriptions, but also because advertising revenues were getting diffused across an increasing number of competing channels. Consequently, the commercial compulsion to force a switchover from analogue to digital distribution became increasingly intense, thereby mobilizing a set of interests and debates that culminated in The Cable Television Networks (Regulation) Amendment Act, 2011. This legislation mandated LCOs to digitize their analogue relays and install addressable end-user devices across the country according to a phased plan. Three inter-related reasons explain the strategic intent behind the mandatory digital switchover which was

by far the most coherent regulatory intervention made by government in the TV economy.

First, since it was known that most LCOs would be unable or unwilling to invest capital in digitizing their wired relay systems, the switchover would create a scenario where LCOs either sold out or became franchisees of MSOs. Thus, there was a clear intention to instigate consolidation in the long-tailed cable business, whereby numerous, unregistered LCOs would get absorbed by the known and finite number of MSOs. In other words, a compulsory switchover tactically served as a handmaiden for the accumulation of interests in the fragmented distribution value chain. Second, addressable distribution systems like digital cable or DTH were the most efficient mechanisms for broadcasters with pay channels to realize higher shares of subscription revenues from the distribution chain (40 per cent as opposed to 20 per cent). The technological transparency catalysed by digital distribution was also seen as likely to mitigate the pirating of broadcast signal, enabling MSOs to recover a greater proportion of subscription revenues from LCOs. Thus, the mandatory digitalization of cable at the last mile was effectively intended to catalyse higher revenues and lower transaction costs for broadcasters. Third, addressable digital systems, expected to accurately identify subscribers and enumerate subscription amounts, would widen the net of households and intermediaries liable to pay tax on cable services. With nearly hundred million households migrating to digital cable networks by 2017, this enhanced the tax base and promised a useful source of revenues for the public exchequer.

Undoubtedly, the Cable Television Networks (Regulation) Amendment Act, 2011 was a strategic legislative intervention intended to increase revenues for the three main actors in its formulation: broadcasters, MSOs, and the government. Such a re-constitution of the television economy was the underlying rationale for this particular instance of re-regulation under the auspices of 'digitalization'. After the act was passed in December 2011, analogue MSOs wanting to go digital were required to apply afresh for a digital license. Moreover, existing digital MSOs were also required to acquire a license, a substantial step-change from 2006 when MSOs only had to seek permission to commence operations. Although this new digital television license carries no minimum criteria of net worth or a license fee (unlike the license for broadcasting), it nonetheless requires a series of important disclosures. The MSOs

are obliged to disclose details of their ownership, the LCOs they would conduct business with, and the number of C&S TV households they intend to serve. Moreover, guidelines such as 'must-carry' (meaning that cable operators must carry all channels on a non-discriminatory basis) and 'must-available' (meaning channels must make themselves available to all distributors and cannot strike exclusive distribution deals) are intended to preclude proprietary systems arising from market dominance, without preventing market dominance itself. In many respects, this may be the most fundamental development in a regulatory environment long characterized by an absence of anti-monopolistic measures.

Non-Intervention: The Constitution of Considered Silence

It could be argued, nonetheless, that the 'must-carry' and 'must-available' stipulations have only arisen through a structure where the interests of the major stakeholders are regularized at the expense of the smaller actors who previously dominated the distribution sector. Certainly, on the face of it, the deregulation of DTH services in 2006 and the subsequent mandatory digital switchover through legislation in 2011 convey elements of a strategic regulatory 'two-punch' design. At the same time, however, buried in the debates over these incremental interventions, starting from the Uplinking Guidelines of 2000 to the overhaul of the cable act in 2011, are equally critical policy silences that have marked the television landscape. In this section, I will deal with the gaps that subsume three key issues for the distribution sector: interoperability, bundling, and interconnection. Interoperability is a fundamental requirement for cable and satellite television. Insomuch as 'must-carry' stipulations are intended to prevent the fragmentation of distribution from an economic standpoint, the need for common technical standards is an equally significant and increasingly critical aspect of guaranteeing entry and access to digital media systems. In the Indian case, however, the adoption of technical standards for the various forms of transmission and compression involved in wireless distribution has been far from uniform.

Way back in 2005, TRAI's first 'Consultation Paper on Digitization of Cable TV' canvassed the benefits of digitization, along with the timeframe, license, carriage and network upgrades, and other technical issues. Although TRAI recommended promoting the digitization of cable distribution, it left the option of conditional access system (CAS)

digitization to the cable operators, since CAS could be implemented via either analogue or digital transmissions and the costs involved for small networks could be very high. This gap precipitated a lack of standardization in the push toward digitization, where MSOs and LCOs pursued different, potentially incompatible, technologies so as to minimize the burden on their financial and technical capabilities. The lack of technical standards and compliance in DTH services has proved to be an even bigger and more persistent challenge for regulators. The DTH License Agreement of 2003 clearly required set top boxes (STBs) to be of open (that is, non-proprietary) architecture to ensure technical compatibility and effective interoperability among different service providers. In 2006, TRAI recommended again that technical interoperability be retained in DTH licensing to protect consumers (TRAI 2006b). In September 2007, they issued a directive to DTH operators seeking to sort out interoperability issues (TRAI 2006b). In August 2010, as the implications of different compression, broadcasting, and encryption standards were realized, TRAI finally issued a consultation paper on the issue. It became clear that whilst the desire and need for interoperability had been made clear, the lack of any formal regulations or requirements had left the field open to proprietary systems.

The regulatory vacuum on interoperability thereby stands against public interest, since it results in the costs of migration from a DTH service provider to another being placed squarely on the subscriber. This leads to subscribers being effectively locked into particular DTH service providers, allowing first-movers in a given geographical market to retain a latent advantage. Thus, until the lack of DTH licensing clauses on technical interoperability are fully addressed, the licensing framework will remain unfair to subscribers and to late entrants to the market. A clear risk to public interest is spawned by not only weak interoperability protocols but also through a weak regime of compliance. Since 'open architecture' set top boxes do not exist and the major DTH operators do not enable third-party set boxes to decrypt their signal, there is a technical firewall around their subscription base. This development has been observed by the competition regulator, the Competition Commission of India (CCI 2009). The CCI saw this as an abuse of market dominance, with its subsequent investigation confirming that the evident lack of interoperability was having adverse effects on competition in the DTH sector. However, the CCI exercised forbearance, while deferring the matter

to TRAI and MIB who have long argued for interoperability protocols but have not enforced the same during or after their licensing of DTH service providers. As such, the regulatory silences over interoperability protocols in DTH have inhibited genuine competition in the fastest growing segment of the TV distribution industry.

The second significant instance of considered silence surrounds the most critical aspects of programming. MSOs and DTH providers tend to curate and price 'bouquets' of individual channels into a range of predefined 'service packs'. These programming packages contain varying numbers and permutations of channels, perhaps the most significant being based on regional-language content and genres (for example, Tamil programming), specific language 'feeds' for major channels (for example, Disney channel), or clusters of channels belonging to one genre (for example, sports or movies). Typically, accessing these channels requires subscription to a bouquet from one broadcaster, since premium channels cannot be subscribed independently. This 'bundling' of channels is based on clubbing highly popular channels together with less popular ones available from the same broadcaster. The practice of bundling is also underpinned by the carriage fee paid to MSOs or LCOs by the less popular channels, the microcosm of programming mix provided in each bouquet, and the bandwidth taken up by a cluster of channels (Parthasarathi et al. 2013, 90). For nearly twenty years of the TV boom in India, à la carte pricing was not mandatory. Households were de facto compelled to subscribe to a whole bunch of channels, rather than exercising choice over a discrete number of channels.

Until à la carte pricing was made mandatory, first for cable in 2010 and for DTH in 2011, particular broadcast channels could be viewed only by subscribing to the entire bouquet in which they were situated. At the same time, while the retail price of cable channels was regulated by TRAI, the same was not true for DTH. This anomaly created scenarios where subscribers typically found it far more expensive to individually cherry-pick channels to create their own, taste-specific packs in DTH than to simply subscribe to all of the predefined service packs on offer via cable operators. Nonetheless, as with interoperability, the regulatory silence on bundling clearly benefits large broadcasters with multiple channels and constitutes a disadvantage to providers of small, stand-alone channels. The predominance of bundling also creates unfair competition in the wholesale market for channels, that is, the

market juncture where broadcasters meet distributors. The skewed terms for subscriptions thereby shape the retail pricing of channels and the service packs themselves. Moreover, the lack of stipulations on the diversity of channel genres on offer, in turn, leads to commercial strategies that mitigate risk by presenting comparable offerings. Thus, distributors are not encouraged to carry any specific permutation of genres (besides those specified within the public broadcasting quota) as long as they treat channels from all broadcasters equally.

This brings us to the third instance of policy silence, as it pertains to interconnection. The Telecommunication (Broadcasting and Cable Services) Interconnection Regulation in 2004 aimed for broadcasters and distributors to treat one another on non-discriminatory terms while providing/buying channels. This was as much to enable fair competition as to ensure that a variety of channel genres reached viewers. As such, these protocols mention 'non-discriminatory' carriage of signals, but did not mandate ensuring a minimal combination of channel-genres. Vertical integration among broadcasters and MSOs was also anticipated by TRAI's Interconnection Regulations, which aimed to prevent anti-competitive behaviour like influencing retail prices, practicing content exclusivity, and preventing channels of rival entities from being relayed. Restrictions imposed upon the television distribution segment were intended to preclude the possibility of broadcasters with majority stakes in distribution companies from gaining an unfair advantage. TRAI's Interconnection Regulations aimed at preventing MSOs from influencing retail prices or denying carriage of channels of rival entities, but clearly did not have sufficient legal legitimacy or power of compliance to check such anti-competitive behaviour. A prominent case of market foreclosure came to the Competition Commission of India in 2011, when the regional news broadcaster, *Kansan News*, alleged a group of MSOs in Punjab together worked to deny market access to its channel. A subsequent CCI investigation revealed that not only had three MSOs acquired substantial market share in the state's cable market, but one of them, Fastway Transmission, indirectly wielded control across the other two (CCI 2012). Despite the CCI recognizing and the silences on anti-competitive traits in the regulatory milieu, no statutory protocols were evolved either by TRAI or by MIB.

Interconnection protocols also fell conspicuously short of their competition regulation aims. The Telecom Disputes Settlement

Appellate Tribunal (TDSAT), the arbitration arm of TRAI, explored the ambit of the existing provisions in an important dispute over access to TV signals, *Sea TV Network* v. *Star India*, a case between a leading broadcaster and a regional MSO (Raghavan 2007). While Star India insisted Sea TV obtain signals from its designated distributor, Sea TV refused, arguing that the designated distributor was a competing MSO. While deciding in favour of Sea TV, TDSAT noted some broadcasters had become very strong due to vertical integration (that is, by owning or controlling MSOs as well) which was leading to inherent disparities in bargaining power. Thus, the interconnection regulation had clearly failed to prevent unfair leverage when MSOs controlled by broadcasters refused to provide signals to their 'standalone' competitors.

To see these three instances of silence, interoperability, bundling, and interconnection, as simply snags in the regulatory design inevitably reduces them to technical anomalies. More crucially, it is precisely the nature of these snags and gaps, the interests they serve and the consequences they bare, that impart an insight into negative policy. As such, we have to understand the commonalties across all three considered silences, and their necessary inter-relation within the television economy. It is not insignificant that regulatory inaction in all three areas favoured dominant interests, which in this case were the first-movers in the DTH segment, the larger broadcast networks, and the vertically-integrated MSOs. It is these actors, of course, whose inputs to policy consultation were most instrumental in determining what was to be regulated and what was not. This observation brings us to perhaps the biggest considered silence of them all, the question of regulating market power. This issue opens up a terrain pockmarked by regulatory silences and criss-crossed by the interrelated trajectories of cross-ownership, vertical integration, and market share.

Silence on Anti-competitive Protocols

The first-movers in broadcasting during the 1990s did not typically have interests in other sectors of the media economy, either traditional or emerging segments. But with the boom of TV channels during the 2000s, the entry of dominant newspapers into broadcasting and subsequently of large business houses was inevitable. Starting with shifts into

broadcasting and then into distribution, these developments were made in response to both market opportunity and the favourable regulatory environment. While the few instances of broadcasters expanding into the overcrowded newspapers sector may seem surprising, it is not at all odd that a majority of big business entering TV distribution were already running telecom companies. One of the obvious risks arising from concentration in television distribution is that of market foreclosure. High concentration enables a distributor to prevent a broadcast signal reaching viewers, either due to commercial or political considerations. In recognition of this, broadcasters and cable distributors were barred from holding more than 20 per cent of the paid-up equity of a DTH company, and vice versa. The subsequent DTH License Agreement stipulated a service provider neither discriminate against any channel, nor strike exclusive deals with broadcasters, that is, they must allow all broadcasters uniform access to their distribution platform. What is not provided for, however, is what happens when a broadcaster finds an MSO to be an affiliate of a business group which also has its own, rival broadcast network.

Case law at TDSAT reflects a proliferation of loopholes and non-compliance in this area. Many of India's new 'corporate' media groups run TV, cable, and DTH operations under different companies and management. For example, the Essel Group (owners of the Zee TV network) and Sun TV Group both do this via a raft of different legal entities connected through a maze of affiliate, subsidiary, and 'sister' companies. India's quintessential media-leisure conglomerate Essel Group, has several news, entertainment, and film/music channels under the Zee brand, operating in over ten regional languages. Essel has a strong presence in the cable and DTH segments of the TV distribution business and in the film production sector. Elsewhere, the Aditya Birla Group picked up a 27.5 per cent stake in Living Media Group, owners of a newspaper (*Mail Today*), several lucrative periodicals (including *India Today* and *Business Today*), and a news network (anchored by the top-ranked Hindi news channel *Aaj Tak*) under a listed entity, TV Today Network Ltd. All these cross-sectoral businesses are housed under different entities in ways that successfully exploit regulatory loopholes in the Companies Act. A seamless presence across a gamut of platforms empowers these companies to offer attractive advertising deals; they command steep advertising rates precisely because of their ability to provide audiences across languages and platforms.

In its recommendations on media ownership in 2009, TRAI candidly admitted that legally the practice of proxy and indirect holdings 'doesn't violate the DTH license condition but defeats the basic intent of this restriction' (TRAI 2009). Rudimentary insights from government-sponsored studies and various consultations papers by TRAI have found clear cases of market domination by diversified media groups (ASCI 2009; TRAI 2013). Yet there are still no ex-ante restrictions to prevent market dominance for MSOs and LCOs in their area of operation. Consequently, in some cities, MSOs have ended up controlling more than 80 per cent of the market. Such MSOs exercise market power in negotiations with the LCOs on the one hand, and with the broadcasters on the other. They leverage their accumulated interests to bargain with broadcasters for content at a lower price and demand higher carriage and placement fees. Based on this, they are simultaneously in a position to offer better revenue share to LCOs and also offer incentives to LCOs to move away from smaller MSOs and align with them. In some states, a single entity has come to acquire several MSOs and LCOs. While TRAI has shown concern over the implications of this 'in terms of competition, pricing, quality of service and healthy growth of the cable TV sector', it has failed to rectify near-monopolistic dominance (TRAI 2013, 1). On paper, some cross-media caps exist, barring print media firms from owning more than 20 per cent of broadcast firms, and vice versa. But through a maze of intermediary companies, large media conglomerates have still managed to push fingers into all major segments of the media pie.

A prominent example is India's largest news media company, Bennett, Coleman & Company Ltd (BCCL), a historically diversified portfolio comprising market leaders in the English daily and English business daily segments, besides significant radio and online presence. BCCL entered the TV news segment in 2006 with *Times Now* and subsequently the sub-genre of English business news with *ET Now*, without any regulatory hiccup. Much as the environment of considered silence has implicitly allowed large newspaper groups to expand horizontally into TV news, it has also allowed carriage firms, like mobile telecom operators, to move into TV distribution. Indeed, the most significant instance of horizontal carriage expansion involves telecom firms. Leading telecoms companies, including Reliance ADAG, Tata, and Bharti, have all ventured into DTH services, leveraging their strong on-ground presence and brands. They have done so either through subsidiaries (such as RCom

and Airtel) or through their group companies picking equity (like Tata Sky). The latter route is common for telecoms to achieve minority control in news channels such as Birla Group's Idea Cellular in *Aaj Tak* and *Headlines Today*, and Reliance ADAG's RCom in *Bloomberg UTV*. With telecoms also being one of the leading advertisers on TV, such moves deliver incremental market power in the overall TV economy. As a consequence of both strategic intent and considered silence, several inter-related issues have arisen around competition and market power in the Indian media economy. This compels us to identify both the public interest and private interests served, or ill-served, by such non-intervention.

A Feast of Consequences

The continuing silence on effective regulatory protocols on cross-media ownership provides an enabling environment for large entities, from within and outside the TV economy, to attain or consolidate market power. The risks emanating from the absence of cross-media stipulations (in the content and carriage segments alike) are only enhanced by negative policy on market share regulations. Thus, what has also enabled the accumulation of interests across media segments is the complete absence of ex-ante market share restrictions. The licensing conditions for TV, elaborated earlier, do not have any inbuilt safeguards to prevent concentration. Even after ten years of massive growth in TV channels, and mounting evidence of consolidation and horizontal integration, this regulatory challenge is marked by silence. Evidently, this silence has helped big business, which largely stayed away from C&S broadcasting during the 1990s, to rapidly achieve dominant market positions. They have done so through the acquisition of leading broadcast networks or by controlling a media group with entrenched cross-media interests. The continuing silence on these 'Russian dolls' of vertical integration, with known implications for competition and diversity, suggests tacit support by the regulatory milieu for large, integrated entities. With deep pockets and traction across television, print, and online sectors, these entities increasingly flex their muscles against others in the value chain.

This degree of market power gives rise to practices of nudging advertisers for discounts, third-party content producers, and 'exclusive' content in return for broad coverage across their platforms, or, the threat

of a news blackout on their platform (Parthasarathi et al. 2013, 102). Such practices are effectively enabled by protracted silence over cross-media protocols. Equally, since there has been a longstanding regulatory silence on ownership disclosures, private unlisted companies (as most media companies are) are not required to disclose their secondary owners, financiers, or big lenders. A case in point is Reliance Industries Limited's (RIL) investment in the Eenadu Group, a large, privately held media company owning a dominant regional newspaper and news channels in seven different regional languages. RIL did not publicly disclose its shareholding in this group until 2012, when it announced that it was divesting part of this to the Network18 Group (Bhushan 2015b). The practice of promoters and real owners using multiple fronts with proxy stakes to lead their companies is rampant in India, especially in sectors like real estate (a sector that has shown unusual interests in starting TV channels). Despite this, there is a continuing tendency in policy thinking to view proxy ownership as a matter of corporate governance, and not of media regulation.

This view persists, despite horizontal integration being an obviously distinctive feature of the media economy compared to other sectors. There are numerous 'known silences' in the Companies Act adversely impacting an effective enumeration of cross-ownership and, consequently, an assay of market power. These accounting absences pertain to the mechanisms that media firms can adopt to wield control over the decision-making process of another media firm. One such mechanism is indirect equity holdings of investors in media companies, through tertiary co-investors, which masks the real nature of ownership. This translates into higher equity and affective control, than visible in the formal caps of 20 per cent in horizontal and vertical holdings (thereby also directly masking the extent of cross-media ownership) . Indirect control is also exercised through common directors, and typically more so when some of them are closely related. Persistent non-intervention on this matter is extremely significant since, for all the 'corporate discourse' generated within the media economy, the traditional Indian model of family enterprises, with its signature of related directorships, clearly continue to dominate the TV industry.

Regulatory protocols also remain mute on private contracts or legally binding agreements between the promoter(s) and board of directors of an investing firm and those of a recipient firm. Such contracts are signed

regularly by private equity firms on taking minority stake in unlisted firms, which most TV news channels and cable operations are. This mechanism allows director(s) appointed by private equity firms 'veto rights' over crucial board decisions across many media companies. Since a space was created for foreign institutional investment within FDI caps, a tremendous scale of private equity involvement has been catalysed within India's media economy. Remaining silent on such contractual mechanisms itself constitutes a purposive neglect of the financial conditions and entrepreneurial contexts within which TV firms are now operating. More broadly, it is immediately obvious that an enabling environment has been fashioned for the Indian TV industry via a complex series of pinpointed interventions and equally specific non-interventions. While the former have largely determined the range of participants in private broadcasting and distribution, the latter have set the terms by which these participants compete with each other. Taken together, both regulatory action and non-action clearly demonstrate that the persona of television economy in India is far from being a product of entrepreneurial gust and organic growth. It is, in large parts, the logical result of an evolving set of enabling conditions, both active and passive.

The Personality of India's Television Explosion

This chapter delved into the dynamics of strategic intent and considered silence in order to evaluate the regulatory milieu of India's TV economy. Both are implicated in determining the permissible nature of entities participating in the business of broadcasting and distribution, and the competitive regime in which broadcasters and distributors commercially engage with each other. In this telling, deregulation and re-regulation are unravelled in light of the highly conditional, inconsistent, and often temporary withdrawal of the state in particular sites of decision-making. More implicitly, 'liberalization' is understood in light of the intended benefits being accrued to various interests involved. From the early 1990s, successive political regimes in India were acutely self-conscious of not being (or, at least, not being seen as) intrusive in this sunrise sector of the Indian economy. Except for the loose protocols of the Cable Television Networks (Regulation) Act of 1995, there were no apparent policy instruments in the sphere of satellite broadcasting and cable distribution, since attention was directed at the response of the public broadcaster to the onset and expansion of

commercial, transborder broadcasting. When the process of re-regulation was initiated, in 2000, the scope of interventions was circumscribed to tactfully minimal sites. Herein, a discrete set of ad hoc and knee-jerk mechanisms aimed to strike a balance between transnationalization and protectionism.

At the core was the intent to encourage the growth of broadcasting within the country, by keeping on board various interests that had become entrenched in this business. Both interventions and considered silences were calibrated to catalyse and achieve a certain degree of entrepreneurial momentum and, at the meso-level, commercial buoyancy in the market. This ideology of minimalism was reflected in the very institutional design of media regulation in India. Although matters of TV broadcasting and distribution were appended to the mandate of the telecom regulator, TRAI, in 2000, its institutional mandate empowers it to only make recommendations to various line ministries, and not to implement or administer policy options (Das and Parthasarathi 2011). More recently, however, there have been moves away from minimal intervention to a more expansive set of regulatory protocols. This shift has been driven by both commercial and state interests, albeit in contrasting registers. On the one hand is a desire to compensate the public broadcaster for the ground it lost to private C&S broadcasting. On the other hand, commercial apprehensions regarding over-competition and market failure have provided support for calibrated interventions. Finally, moves towards a more comprehensive regulatory framework are directed at enhancing the tax receipts from the television economy, most evidently from the cable distribution sector.

The TV explosion in India over the last quarter century has overwhelmingly been understood and projected in terms of the multiple and overlapping narratives of entrepreneurship, technology adoption, and widening consumption. Intrinsic to these narratives is the argument that this explosion in the landscape of commercial TV unfolded independent from, and even despite of, a coherent enabling milieu. In such a telling, the making of the television economy is explained though a series of falling administrative barriers and/or a complex of entrepreneurial achievements (Mehta 2015; Page and Crawley 2001). Detailed in observation and sophisticated in argument, these accounts tend to bypass a sense of why these 'barriers' existed in the first place, of why and how certain small entrepreneurs became large conglomerates or, indeed, of what factors and

actors drove the various reforms in the specific direction in which they unfolded. In refraining from doing so, these arguments, in turn, fit with varying neatness into wider narratives of the story of 'liberalization' as an absence or withdrawal of the government in general, and of regulation in particular.

In deliberate contrast, this chapter has charted out the contours of another approach by demonstrating the extent to which the milieu of regulation has come to shape the TV economy in India. This milieu is described in regards to responses that were both interventionist and non-interventionist in nature. I have employed the prisms of 'strategic intent' and 'considered silence' to conceptually demarcate between these two broad types, or perhaps stages, of decision-making. The frame of 'strategic intent' denotes the larger interplay between an assortment of formal instruments that have been executive rather than legal or legislative in origin. At the front end, the enabling environment for the Indian media economy has clearly been characterized by the persistent lack of regulatory response on certain issues either over a long time or at key moments in time. Thus, the prism of 'considered silence' becomes a necessary component of a comprehensive analytical approach through which we can begin to establish the wider dynamics of the television economy and its regulation. With this in mind, this chapter sought to demonstrate how exclusions and silences in the regulatory milieu have shaped the policy environment in India, by serving the interests that have incrementally come to shape the very personality of the media economy.

Part III

Embedding Processes

The analysis of cultural objects requires an engagement with complex dis-embedding and re-embedding processes that inevitably accompany the movement of texts across time and space. In the past two decades, several authors have drawn our attention to these processes, which often result in the transmogrification of the original into strange new entities that in turn pose questions that fundamentally change our understanding of media forms and practices (Niranjana 2006; Lessig 2008). Film has occupied a privileged position in the critical discourse related to dis-embedding and re-embedding processes in India, and understandably so because of the sheer body of research that it has generated (Larkin 2008; Ganti 2002). There is by now considerable amount of academic writing, traceable to the work of Robert Hardgrave Jr. on Tamil cinema, drawing attention to how deeply this technology- and capital-intensive industry is embedded in complex and region- or language-specific political mobilizations. While the Tamil instance is not exactly replicated in the rest of the country, other Indian states also offer evidence of similar processes of embedding media forms within wider social processes, networked activities, and programmes of political mobilization (Hardgrave Jr. 1973, 1979; Pandian 1992; Dickey 1993; Das Gupta 1991; Prasad 2014; Srinivas 2013).

In the account offered by Athique (2015), international usage of the concept of embedding has generally been taken in two distinct directions.

Karl Polanyi (1944) popularized the notion as means of describing how the creation of markets extricates value by dis-embedding exchange from the social framework and recasting it within an external domain of market relations. Mark Granovetter (1973), by contrast, chose to emphasize the ways in which economic relationships take place through channels of kinship and association, which thereby implies that the market is internalized within social structures and relies upon them for its day-to-day operation. The concept of embedding therefore has an inherent duality, where economic potential is extracted (disembedded) from social structures in the first instance, but its ultimate value becomes realized when markets operate within those social structures. By this logic, various forms of commodity exchange must always become re-embedded within the social sphere. In the media economy, we might identify the extractive origins of this process in the mining of cultural resources or social rituals and we might equally well identify the socializing goals of the re-embedding process in the shaping of culturally distinctive products and modes of consumption. Dis-embedding, perhaps, is most clearly seen in the mining of symbolic forms and traditions and in the increasing mediation of social relationships via technologies of communication. Both the performative and the mundane aspects of the mass media thereby shape the raw materials of human expression into commodity forms and market relationships (Athique 2015).

Cinema, again, has a rich history in this regard, by which both inputs and outputs articulate a close relationship with the everyday cultures of modern India. It becomes possible, on occasion, to observe both social inputs and outputs in the more visible points of concentration, as in the case of film stars who draw their support from the wider social setting but, in turn, promote certain forms of value, ritual, and practice from which their fans generate and derive sets of meanings. Dis-embedding and re-embedding are thereby simultaneous in their operation. The twinned concept of embedding thereby captures the close relationship between the social and economic domain, and necessitates an anthropological understanding of the media economy. In the everyday, the case of the cinema naturally predisposes us to regard the setting of show times, the proposition of narrative, and the stimulation of emotion to all be intrinsic to the embedding process. One might favour the significance of extraction or adaptation in different ways, but the two sides of the concept contribute to the larger whole of the circuit of communication that determines

the productive cycle. If we take the media economy to be substantially embedded in this way, it becomes natural to look for particular kinds of performance and practice that engage, variously, the idioms, ethnicities, mores, and social formations to be found across India. Cinema, for the longest time free of direct institutional control, is an exemplar of the high degree of specificity and variegation that you would expect to observe in an embedded economic process.

Notwithstanding the depth of its embedding, film has also had a history of failing to recover production costs. Complaints about film producers losing money have been heard from the early decades of sound films in India. Since then, the film industry's survival and growth was predicated on the inflow of fresh investments, not box-office collections which were often too little. Typically, producers lost money in the enterprise and returned to wherever they came from and a new crop of speculator-investors replaced them. The politics and economics of film therefore makes for a very complex picture indeed, especially when viewed against the backdrop of what now appears to be a nation-wide phenomenon: the star politician. Of late, scores of male and female actors from every major film industry in the country have been contesting elections in different parts of India. The phenomenon had its origins in Tamil Nadu during the 1950s and was more or less confined to that state until the 1980s. More recently, not only has the footprint of the star politician increased to cover all almost all large states of India but now includes television personalities (from both general entertainment and news channels). This begs a detailed and thorough explanation but, for the present, I limit myself to flagging the obvious mismatch between the ability of film and television industries to recover costs and, at the same time, the immense political value they simultaneously generate.

The Principle of Externalities

Someone always pays for media production. For heuristic purposes, let me make the somewhat foolhardy generalization that all (or most) media-cultural commodities are embedded in industrial, social, and political environments that result in the underwriting of production costs. In other words, the media commodity does not, and perhaps cannot, recover its costs from sales. The problem is briefly presented

as follows: media commodities cannot recover their costs but media industry grows. Take the case of burgeoning news television channels in India. Reportedly, an overwhelming majority of these (including several major ones) don't recover their costs. Television news as a commodity is made available to consumers only due to the production subsidy of sorts that these channels mobilize from various players ranging from major corporate houses to politically exposed persons who acquire stakes in the industry for complex reasons. Curiously, this subsidy model seems to make sound economic *sense* for a larger investing public too. TV 18 and NDTV, two of India's most prestigious news television companies have not paid any dividend to their investors since 2009. NDTV has not reported profits since 2005. Nevertheless, their shares are traded at many times the face value. Both companies have been in the news for their complex and not-so-transparent fundraising and ownership transfer arrangements (Kaushik 2015). There is thus overwhelming symptomatic evidence that points to the need to shift away from conspiracy theories to a socio-economic theory of the media that can account for such scenarios.

How do we account for the growth of television and film industries in the face of accumulating losses, even by major players? As is clear from the history of the film industry, inflow of new investment from speculators who ought to know better is one of the engines of growth. At least some of this new investment is sourced from India's immense parallel economy. In more recent times, media commentators and researchers have begun to note the importance of a particular kind of investor, no doubt linked to the parallel economy, for the media industries in general and news channels in particular—the politician, fronted by a host of relatives and other 'nameless' persons or entities. As early as 2009, it was reported that in ten Indian states, the 'major television channels belong to political families' and 'there are many other television and media houses in which political parties and personalities hold stakes or are otherwise involved' (Vasanti 2009). Media production, I propose, relies upon what economists call 'externalities'. Externalities are unintended consequences (costs or benefits) that are not factored while pricing a product. The Indian film industry (in addition to being the exemplar of a production model that is founded on external costs borne by one-time speculators who come and go) also points to the accrual of external benefits from media production.

Embedding 'Corporate', 'Traditional', and 'Religious' Productions

A principle of externality suggests that the rush among corporate houses and politicians to acquire news television channels is more likely to be in the interest of influencing public opinion than an interest in turning them into profitable enterprises. Today, the celebrity politician, who begins his/her career in film or another media industry and evolves into a career politician, is among the most visible externalities of media production. Viewed from the celebrity-politician paradigm, such investment in media production neither appears wasteful nor particularly speculative. Instead, such investments are the 'opportunity cost' of entering politics. I cite just one concrete example to show how things pan out in the current media and political environment. Between March and December 2015, there were several reports that H.D. Kumaraswamy, the former chief minister of Karnataka whose many businesses include the ownership of a Kannada television channel and film production company, would launch his son Nikhil in a movie that was estimated to cost Rs 50 crores. Around this time, in the Kannada film industry, a 5-crore production was considered 'big budget' and a 20-crore production held the record for being the most expensive (Shyamprasad 2015). The point is not whether Kumaraswamy can hope to recover the cost of his investment. He might, for all we know. But there is a very good chance that Kumaraswamy Jr. is heading towards a career in politics. After all, the youth's grandfather H.D. Deve Gowda was the prime minister of the country and his father and paternal uncle are both active in Karnataka politics.

Historically, the Indian state has been the single largest investor in media production. This investment either came in the form of subsidy (newsprint) or outright ownership (radio and even television, till the 1990s). Where the state refused to support media forms, other agencies ended up offering what was effectively a production subsidy (speculators and the cinema, as noted above). The loss-making news channels are not qualitatively different in terms of the production model or logic at work. Recognition of the continuous need for external benefit in some form throws light on two facets of the problem presented by media production in India: external costs and deferred value capture. Even as individual film producers went bankrupt or returned to their original businesses after their investments failed to recover costs, other entitles

captured value from the cinema or its ingredients—the song, for example, through the sale of records and licensing fees. The case studies presented here seek to throw light on some of the complex questions raised by the dis-embedding and re-embedding of certain modes of production. Under the headings of the corporate, traditional, and religious, we can see clear exemplars of the systemic extraction of cultural value and the necessary intermingling of the media economy with socio-political, ethnic, and devotional configurations.

Blockbusting Value

My own chapter focuses on the embedding of the global form of the blockbuster in the two large film industries of South India located in Chennai and Hyderabad. These film industries offer textbook cases of political 'externalities' as well as value leakage in the domain of the cinema. From roughly the 1950s, these industries have produced two generations of politicians who began their careers as actors. Three chief ministers of Tamil Nadu and one from Andhra Pradesh have been film stars while scores of others have attempted to cross over to politics with varying degrees of success. Between them, these stars have fan clubs whose members, running into a few million young men, were engaged in complex social and political battles that were not always approved by their stars. Fans also make demands on their stars and their films, reacting with disappointment or violence when these are not met. In the 1990s, some of the biggest stars of these industries enhanced their scarcity value exponentially by taking on fewer projects. This resulted in a crisis for investors who were channelling surpluses generated elsewhere into film production. The film industries of South India responded by assembling big-budget spectacles that sometimes cast major stars but always had far higher budgets than was the industry standard.

The blockbuster, which is a loose term for spectacular films made by entertainment industries (Hollywood in the West to Hong Kong, China, and South Korea in the East), came to be embedded in highly localized and region-specific channels of finance, pools of talent and spectatorial practices alike. The South Indian blockbuster grew in size and importance for the industry in tandem with changes in distribution and exhibition of films in India and elsewhere. These include centralization of film exhibition, digitization of projection, and large-scale dubbing of

domestically produced and imported films into (other) Indian languages. In the recent years, some of the most successful films made in India have been South Indian blockbusters. Several interesting questions are thrown up by the blockbuster's commercial success: How has the wilful profligacy of production costs accounted for the problem of value leakage that has been a defining feature of Indian cinema? What are the implications of this up-scaling for the established externalities of cinematic production, which in this region have tremendous political implications? What formal-aesthetic regimes and symbolic currencies have emerged in the social domain as the blockbuster's new production logic takes precedence over earlier models?

The Economics of Artistry

Ratnakar Tripathy's excellent chapter on 'folk' musicians (primarily singers) in Haryana and Bihar shows that the very survival of segments of media industries are dependent on the embedding of forms and commodities in networks of patronage that bear an uncanny resemblance to pre-capitalist sponsorship of the arts. However, on closer examination, it turns out that we are, in fact, witness to linkages between media production and contemporary caste and other mobilizations. Most importantly, the technology and ideology of the day configure the creative worker as the entrepreneur and a producer of his own music. He finds a recording studio/label and the rich relative-turned-angel-investor to pay for the recording. A series of transactions are conducted, in which all parties involved are well aware that there is no money to be made by the singer from the recording. Nonetheless, this process of production without profit sets the stage, literally, for other forums of exchange. This embedding process, shows Tripathy, is one in which music is made free in many senses of the term. For starters, there is zero production cost for the recording label and down the line, thanks to piracy, made available for next to nothing for most listeners. It is also 'free' in a less obvious sense. Music that was embedded in extant pre-capitalist social networks, and at times gendered feminine, is now commoditized, and therefore, free to travel across time and space and with male singers too. This situation of music production assumes, and in some respects actually benefits from, a widespread dispersal of content via piracy.

Tripathy flags another important another issue: the link between different windows of sale and revenue. The musicians of Bihar and Haryana, on the face of it, incur a 'loss' on their entire investment in recording. However, as it turns out, they make substantial incomes from live performances, which are an outcome of the recognition gained from making recordings of their music. Thus, the singer's lost investment is the opportunity cost for him being offered paid work. As Tripathy notes, the real payoff is in the form of cash gifted by audiences of live performances, ranging from ten rupees to ten thousand. These gifts are the source of livelihood for an entire generation of musicians. What, then, is the 'pay off' for sponsors, the organizers of these shows? Organization costs are borne by agencies who might be involved either directly or indirectly in politics. These are either identity-based or other 'cultural' entities engaged in mobilization of linguistic or region-specific identities, village councils, or cow protection leagues. We are therefore witness to the working of a contemporary (not traditional) business model which is grounded in socio-political mobilizations or displays of power and prestige accruing from and/or reinforced by local electoral politics. Tripathy also notes the relevance of the Indian state in the embedding of so-called folk musical practices in our times. Enterprising musicians offer their talents to publicize government programmes. Working with the government to build or exploit social infrastructure thus becomes one of the livelihood options available to India's folk singers.

The Art of Giving

In the final chapter of this volume, Pradip Thomas draws our attention to a relatively under-examined source of media funding in contemporary India: religious charities. The past decade has witnessed an explosion of religious and spiritual content on satellite television and elsewhere for Indian devotees and/or consumers of various faiths. All the major religions practiced in India have a significant presence on television. Some powerful religious and spiritual leaders like Baba Ramdev were little known before they became television personalities and could, arguably, be seen to represent denominations particular to the medium. This specialized domain of the media economy is well-capitalized with Hindu, Muslim, and Christian religious charities all receiving funding in the form of overseas donations. Thomas demonstrates that a mediated economy

of gifting is one of the driving forces for the production of religious content. Thomas opens up a whole new line of investigation into the links between charitable trusts, media production, and state structures (more specifically, an instrument of Government of India policy, Foreign Contribution Regulation Act, FCRA). Thomas flags the resonance between two domains, which are both notorious for their poor disclosure: charitable trusts, governed by relatively lax accounting norms, and media production where the surfacing of untraceable angel investors and charges of money laundering are now routine. This investigation therefore brings to light the enabling structures by which the economic foundations of India's religious institutions are sustained in a domain sequestered from the rules that govern commerce in general. In the era of the media economy, it is evident that opportunities arising from the confluence of media and religion are being pursued by institutions and actors with a range of commercial and spiritual interests.

Gospel for Asia, a multinational religious charity examined in detail in this chapter, certainly pursues an impressive cross-media strategy. It broadcasts radio programmes in over a hundred languages in India and makes extensive use of other media platforms including television and web services. The latter, Thomas observes, are mainly used to raise money while the former constitutes the bulk of the organization's work of propagating the gospel. What pays for Gospel for Asia's impressive media footprint in South Asia is a Texas-based sister organization, and a host of related companies set up by the same organization. Special dispensations for religious bodies in both the United States and India are integral to the business model of this multinational charity. Gospel for Asia was among the largest recipients of foreign donations in India during the early part of this century. Thomas notes that the scrutiny of accounts of the organization was distant (as opposed to close) while standards of disclosure by Gospel for Asia are rather poor. This gentle handling of non-Hindu religious charities may no longer be a part of Government of India policy, but it demonstrates the special status shared to some extent by all religious institutions in a deeply religious country. Within the democratic process, the relationship between political and religious constituencies establishes a domain of mutual interests, and the growing commoditization of religious practice through media systems clearly situates both promulgation and accumulation within this deeply embedded terrain.

Accounting for Externalities

The formal business models of India's media economy often serve to distract us from the multiple interactions between the political, commercial, and spiritual domains. Thus, in establishing who, or what, actually pays for media production in each of these chapters, we begin to discover the intricate web of economic, social, and political networks that embed (and consequently empower) the media. Indubitably, this awareness of embedding processes makes for a richer understanding of media texts and their consumption, an understanding that has to encompass the transfers of value across cultural, economic, and political domains. The larger point of this proposition is not that media production is a front for scams of one kind or another, but rather that a media economy relies upon complex relationships with external economies. Thus, paying closer attention to the externalities surrounding media economics (on both the cost and benefit sides) becomes a critical step in exploring the vast and relatively unmapped areas of economic and political life of contemporary India. Even for our more specific interest, a full accounting of externalities is required to explicate the Indian media economy. In essence, the various processes of dis-embedding (as the mining of inputs necessary to the production process) all require the prior existence of external economies. Those economies may be reciprocal (as in the circuits of folk performance), redistributive (as in the mediation of political populism), or market economies (as in the symbiosis between consumer advertising and news). All of these points of origin have a structuring effect upon the logics of production and the formation of media markets. In turn, the subsequent operation of those markets must also find its place within the social fabric of India and, to be absolutely clear, the embedding of the media economy must necessarily produce externalities. Indeed, a media economy that did not establish externalities of the kinds discussed here would be unlikely to survive. So, far from being by-products of a proper media economy arising amidst an untidy modernity, it is externalities that facilitate the embedding of the media economy, and thereby underwrite the entire production process.

S.V. Srinivas

8

S.V. Srinivas

Rajnikanth and the Regional Blockbuster*

Over the past decade or so, a steady trickle of well-made and expensive Tamil and Telugu films have managed to find audiences beyond the southern region and have competed with the biggest Hindi films in Hindi cinema's traditional markets in northern and western India. Most of these films belong to a category that I would like to call the 'regional blockbuster'. In doing so, I seek to flag the critical importance of developments specific to the South Indian region and film industries in explaining the emergence of this relatively new form. In this chapter, therefore, I attempt to trace the evolution of the blockbuster mode of production in order to argue that it is symptomatic of a fundamental transformation of the particular industrial-political logics of South Indian cinemas, whose most visible manifestations so far have been the star-politician and fan clubs. I propose that Rajnikanth is a useful point of entry into the discussion of the regional blockbuster because he belongs to a small number of South Indian superstars who were a part of the very problem that the blockbuster attempts to overcome and, at the same time, has come to provide a valuable asset for this new form. Consequently, the blockbuster

* This chapter is a part of a larger project by a group that includes undergraduate students at the School of Liberal Studies, Azim Premji University. My initial formulations on the blockbuster were presented at the seminar, 'Territory to Screen: The Regional in Indian Cinema,' organized by the Department of Film Studies, Jadavpur University on 21 and 22 January 2016, with a later version presented at the Chicago Tamil Forum Workshop, Department of Anthropology, University of Chicago, on 21 May 2016.

poses interesting and important questions for the growing number of researchers working on the cinemas of South India.

This form throws at us, in all their obscenity, issues that we have ignored for too long: the complexity of film cultures and markets, region as a factor that over-determines the production and consumption of films, the seemingly peculiar economics of the movie business, the transformation of the cinema itself into various forms of 'content' (encountered on a range of screens and in bits and pieces), and the deeply embedded loyalties of fan bases and star power. The blockbuster format thereby prompts us to reconsider key issues regarding the pasts and futures of cinema as an industrial practice. As such, now is a good time to ask the question: How does the cinema matter today in South India, where it has always mattered? I tackle this question here in two parts. The first elaborates on the regional blockbuster as an industrial and procedural category and shows why it is a specifically regional phenomenon. The second focuses on the blockbuster as a descriptive-analytical category, principally through Tamil superstar Rajnikanth's adoption of the format. Underlying both accounts is an attempt to uncover the reasons why the value invested in the film star remains deeply embedded in social, cultural, and political mobilizations.

The Blockbuster

The blockbuster means many things and it is necessary to disambiguate the term before attempting to describe the specifics of the phenomenon in South India. The term 'blockbuster' has typically been used to describe films that have an extraordinarily good run at the box office. As Tom Shone (2004, 28) notes, in pre-1970s Hollywood, it was primarily an economic category, referring to big hits, regardless of their production values, genre, and the like. After the success of *Jaws* (1976), which was the first film to break the Hollywood barrier of US$100 million rental revenue, the blockbuster became 'the name a movie calls itself.' It rapidly grew into a form of production that was marked by an intention to take the film market by storm. Thus, it became possible to posit the oxymoronic category of failed blockbusters, that is, films that sought to capture the entire market but failed to do so. Today, blockbusters are commonly understood to be 'unusually expensive productions designed to earn unusually large amounts of money' (Hall and Neale 2010, 1). Blockbusters are global product categories in two senses of the term:

firstly, they have been made in different parts of the world from the 1990s and, secondly, they tend to be marketed at a global scale. Entertainment industries in Hong Kong, PRC, Thailand, Indonesia, South Korea, and Japan have all created their own versions of the blockbuster over the past three decades. It is therefore not surprising at all that the term would be adopted by Indian producers.

In the critical discourse on Indian cinema, however, the category of the blockbuster has not been used as widely as it has been in either Hollywood or East Asian cinemas, competing as it does with the 'multi-starrer' ensemble film (which itself implies considerable expense) and the box-office category of the 'mega hit' (which denotes a comparable degree of market capture within India). Accordingly, I use the term blockbuster in the South Indian context in a more specific sense, that is, to refer to the relatively small number of films which are expensive productions that also do good business. Further, the unique configuration of Indian cinema around a larger Hindi market across North India and a number of strong regional language industries in the South, gives rise to substantially different markets within which the blockbuster model may be assembled. The regional language blockbuster in South India is best characterized by a certain production logic and its capacity to travel beyond the traditional distribution and exhibition circuits of South Indian cinema. The necessary conditions for such travels fell in place only in the past two decades. Dubbing of South Indian films into Hindi and, more recently, digital projection and the cartelization/centralization of exhibition are key facilitators of mobility. Unlike other expensive films made in the region, top-ranking male stars are not the primary reason why blockbusters are expensive productions. Among the successful films within the blockbuster category is *Eega/Naan Ee/Makhi* (directed by S.S. Rajamouli, 2012), whose hero is a fly which cost more to make than the salaries of its heroine (Samantha) and villain (the Kannada actor Sudeep).

This simple fact indicates that the distinguishing feature of the regional blockbuster is the relatively high investment made in what is known in industry terminology as below-the-line costs. Film production typically has two kinds of costs. Salaries of the actors, director, scriptwriter, music director, and producer (who is an investor in India but a hired professional elsewhere) are above-the-line costs. These costs are decided before shooting begins and any changes in the length of the film, number of shooting days, locations, and so on do not impact them. Below-the-line

costs are related to shooting and post-production work, which can be increased or decreased based on the scale of production budgets. A scene from the script can be deleted or added, location changed, extras increased, action sequences enhanced with more expensive visual effects, and so on. For our purposes, what is important to note is that above-the-line costs are (usually) fixed and also traditionally determine below-the-line expenses. The big budget vehicles of South Indian superstars have high above-the-line costs and it was not unusual in the 1990s for above-the-line costs to constitute the bulk of the budget. Further, the casting (and costing) of stars also tended to increase below-the-line costs, because everything from the kind of food served on sets to the number of extras in a dance sequence became dependent upon the stature of these stars. By contrast, the blockbuster is a novel product strategy since it does not necessarily feature major stars, but its below-the-line costs are always higher than would be considered normal for an expensive film.

The arrival of the regional blockbuster thus marks a new set of production logics, because previously it was extremely rare that high below-the-line costs were incurred in films which did not feature major stars. The elaborate sets and numerous extras, of the kind we see in the films of the Telugu stars Krishna and N.T. Rama Rao, would have been unthinkable in films featuring lesser stars during the 1970s. Indeed, the hallmark of a star-less film in South India was location shooting, precisely because this production setting is much cheaper than renting studio floors. For example, the 'class film' which threw up new stars in Tamil, Telugu, and Kannada in the 1970s and 1980s was hailed for its aesthetic quality and high production values but was inevitably made with modest budgets. By contrast, let us take the case of three very expensive productions from the 1990s, which also had a good run at the box office: *Gentleman* (S. Shankar, 1993), *Kadhalan/Premikudu* (S. Shankar, 1994) and *Ammoru/Amman* (Kodi Radhakrishna, 1995). The biggest stars in the combined line up of actors of these films are Nagma (*Kadhalan*) and Ramya Krishna (*Ammoru*, supporting role). Nonetheless, even a cursory look at these films tells us that huge expenses were incurred on their spectacular action sequences and/or stunning visual effects. They were also better scripted than most 1990s vehicles for major stars. This is all the more curious considering the fact that, since the 1970s, one of the key functions of the male star has been to attract investment into a project, which is often in the form of pre-sale of distribution rights.

Distributing Value

As one Telugu film commentator put it, the star's primary function is not to attract audiences but distributors (Narasaiah 1981). Consequently, to appreciate a star's importance, a brief excursus into the mysterious world of film economics is necessary. It is a widely known fact that in India the so-called 'commercial film' rarely recovers the cost of production from box office collections. A majority of films collect less at the box office than it costs to make them. This situation has not changed much even with satellite rights and other sources of revenue becoming available through the expansion of television. Usually, the loss is absorbed either by the producer (investing his own money or borrowing at a high rate of interest), the distributor (buying distribution rights at the pre-sale), or the exhibitor (paying an advance on gate collections to the distributor for bringing the film to his theatre). Sometimes all three of them are obliged to cover the differential between production costs and box office takings. The offsetting of regular losses has been common practice all the way back to 1940, less than a decade into the talkie era (Srinivas 2009, 2013). If film production is such a loss-making proposition, how do we account for its consistent growth over eight decades? One factor is that fresh investments from new entrants drive the production numbers. A majority of producers in India will only produce one film, and this large-scale mode of 'independent' production has been predominant since the collapse of India's film studios in the 1940s (Barnouw and Krishnaswamy 1980).

During the studio era, from the investment perspective, there was neither need nor opportunity for retail investment. Studios pre-sold their films to state- or region-wide distributors who in turn block-booked theatres. The subsequent decline of studios, fragmentation of distribution, and the rise of stars are all related developments. From the 1970s onwards, when the 'buyer system' of distribution was introduced (first in Tamil Nadu and then in Andhra Pradesh), retail distributors, bidding for rights in smaller territories competed among themselves to increase the value of films (Madhusudhana Rao 1981, 50). There was also no dearth of new producers, typically bringing in cash surpluses generated in businesses unrelated to the cinema. Producers and distributors disposed to increase prices (albeit for different reasons) were aided by exhibitors who were willing to pay advances for what were presumed to be guaranteed hits. In the absence of reliable box-office returns, market control, or an orderly value-chain, the high-value

star served as proxy for the assumed value of any given feature, thereby becoming perhaps the most important component of this complex pricing system. As the story goes, in the good old days of South Indian cinema, haberdashers and bartenders turned producers because they managed to get the call-sheets of stars. This was not because these men of modest means had surpluses to invest but because money followed stars.

The film industry is not unique in its capacity to grow without recovering production costs, since other sectors of the media economy also appear to rely on external subsidies for their supposedly 'core operations'. For example, only a tiny fraction of the four hundred odd television news channels report profits. In practice, major corporate houses and politicians subsidize news television for various reasons, realizing value from these investments outside of the market for television itself. The same has been true at times for the cinema, but within the value chain of the film industry, it was the fragmented distribution sector which became the most crucial channel for subsidizing film production from the 1970s. It is therefore not coincidental that the two producers who contributed to the development of the blockbuster, K.T. Kunjamon and 'Aascar' Ravichandran, both began their film industry careers as distributors of relatively inexpensive films produced by other industries (Malayalam films from Kerala in the case of the former and Hollywood and Hong Kong in the case of the latter). Evidently, they are both keenly aware of the importance of distribution circuits for the expansion of markets and channelling money into production. Given that over-competition in the production sector has been such a consistent problem, and that exhibition has remained deeply fragmented, it has fallen to distributors to manage the structural risks of the cinema.

As is well-known, cinema halls in India, as against multiplexes, are standalone enterprises. While powerful distributors are known to have block-booked theatres from the 1950s, by the end of the twentieth century, a majority of theatres were too ill-equipped and poorly maintained to screen the better productions. In the early years of this century, rising maintenance costs and hardening real estate prices resulted in the closure of hundreds of theatres in South India. Large distribution companies, either held by private limited companies controlled by media moguls or by a new breed of corporate players, began to lease single-screen theatres and upgrade them. By 2008, a small number of powerful players had leased thousands of screens across the country. In Andhra, it was reported that a

majority of single-screen theatres were leased by Geetha Film Distributors (Allu Aravind, Telugu superstar Chiranjeevi's brother-in-law), Mayuri Film Distributors (Ch. Ramoji Rao, *Eenadu* group and Ramoji Film City), Suresh Film Distributors (D. Ramanaidu's family, which owns Suresh Productions and Ramanaidu Studio), Pyramid Saimira Theatre Limited (a public limited company), and Adlabs (taken over by Reliance in 2006). Around this time, Pyramid Saimira, which later went bankrupt, claimed that it was the largest theatre chain in India with 655 screens including forty-four multiplexes in different parts of India. This degree of centralization facilitated the rapid digitization of projection, which in turn made it possible for saturation releases on an unprecedented scale. Such an undertaking would not have been feasible in the days when prints cost between Rs 50,000 to 100,000 apiece.

In the Hindi markets of North India, the entry of corporate capital into the exhibition sector through multiplex chains and the emergence of digital distribution platforms under corporate investment has led to a consolidation of distribution (Athique and Hill 2010). The capacity of Hindi productions to access new sources of finance has, in parallel, weakened the hand of distributors when it comes to dealing with producers. The same has not, or at least not yet, been true of the regional language film markets in South India. Here, the powerful linkages between distributors and stars continue to determine the focus of value and the patterns of investment in the film industries. One reason, perhaps, for the continuing predominance of distributors is the greater proportionate value of the film star in South India. If the pricing of film stars has functioned predominantly as a hedge against risk in an uncertain market, then the South Indian star has become, if you can forgive me, a very overgrown hedge. The sheer scale of celebrity commanded by the leading stars in regional markets, spills over into a wide range of social, political, and culturally specific domains. My contention here is that it is this very concentration of value that has engendered a crisis for the distribution sector, the disruption of which is itself a prerequisite for changes in the mode of production.

The Point of Crisis

That the post-studio model built on stars was a successful one is not in doubt. From the late 1970s, there was a steady growth in the number

of productions in both Tamil and Telugu, which even overtook Hindi every once in a while. But the star model ran into a serious problem in the 1990s: the scarcity of stars. The generation of stars that succeeded MGR and NTR, namely, Rajnikanth, Kamal Haasan, and Chiranjeevi, became less available to investors as they grew in stature. These stars averaged far fewer films per year than MGR and NTR during their acting years. Chiranjeevi acted in eighty-nine films between 1981 and 1990 but only twenty-one films from 1991 to 2000 and just eleven films from 2001 to 2007 (when the last film featuring him in the lead was made). Rajnikanth has averaged less than one film per year from 1994. Kamal Haasan, with twenty-three films between 1991 and 2015, has been more generous with his time than Rajnikanth but less so than Chiranjeevi. The leading male Telugu and Tamil stars of the reigning generation have tended to average between one and three films a year (Pawan Kalyan, for example, has only acted in twenty-three films in a career spanning 20 years). The scarcity value of stars increased manifold due to their decision to severely restrict their availability, allowing them to command even greater fees. For the distributors, however, this constituted a bottleneck in the supply of guaranteed products. The number of films backed by reliable stars has steadily decreased, without any comparable reduction in the cost of bankrolling the star system.

Capital itself, however, was hardly scarce. The serial scams in Indian stock markets, including disappearing pisciculture and software firms, and the thriving (technically) illegal stock exchanges that functioned quite openly in the region are indicators that there was a considerable surplus of speculative capital looking for investment venues (Ananth 2006, 2007). As an investment opportunity, the film industry's production sector became more attractive than ever before, as indicated by the rising number of productions. The production sector remained able to attract surpluses generated by other businesses in spite of frequent reports of expensive productions continuing to fail at the box office. There was investment in new infrastructure, with the inauguration of new studios from the 1980s, including Ramanaidu Studio (1988) and the Ramoji Film City (1996). Between Telugu and Tamil, three hundred plus films were made annually during this decade. In that respect, the 1990s proved to be a good time for the Telugu and Tamil film industries. At the same time, from an investor's point of view, this was also a moment of crisis. The opportunity cost of working with stars became extremely high: both

Rajnikanth and Chiranjeevi were making the headlines of film journals as stars whose remuneration was higher than their Hindi counterparts. They had become even more accomplished stores of value. However, even for those needing and willing to pay such high fees, these stars were simply not available for years to come.

For investors and distributors alike, the challenge was to come up with project proposals capable of absorbing, say, five crores, or the cost of a Chiranjeevi film in the mid-1990s. However, if Chiranjeevi himself was not available for another five years, what would the production budget, with a Chiranjeevi-sized hole, look like? Let us set aside, for the time being, the problem of mobilizing five crores, which would compel the majority producers to bring that figure down by a factor of ten. Instead, the fearless producer, let us call him Kunjamon, who we believe can somehow raise the five crores either by routing his own surplus cash or through syndication, has to deal with the inevitable question that will be asked by distributors and exhibitors, on behalf of the absent viewer. Where does the value reside in this product? The question is likely to be put more simply: Why would anyone want to watch a star-less film? Somehow, then, the magic of the missing star has to be properly internalized or compensated by the film. The chosen method was a 'spectacular narrative' to borrow Geoff King's (2000) otherwise weak concept, which

- was packed in songs, action sequences, and other 'attractions' that would set the gold standard by bettering what was on offer in the vehicles of superstars
- had high production values and aesthetic quality
- was very invested in novel storylines, tightly plotted stories, and new genre experiments

Several of these features had, up to that point, usually been associated with the niche interests of the 'class film'.

The Digital Spectacular

It was from the 1990s, then, that directors and other film personalities could often be heard repeating the phrase that, in their film, the 'story was the star.' It was not as if the average Rajnikanth film did not have a story, of course, but both the novelty and the necessity of this claim required a sea change in narrative and productive logics. An agency other than the star

was required to organize the disparate attractions or constituent elements of the film. At times, this was a star-in-the-making (Prabhu Deva), who performed the narrative functions of a major star, which from the days of MGR and NTR has been seen to anchor spectatorial expectations, although he was not (yet) such a star. At other times, the burden of attraction was transferred to genres (say, devotional or youth films) with their various 'forms and keepings'. Of more immediate interest to us is the manner in which production budgets became bottom-heavy, with an evident sharp increase in below-the-line costs: sets, visual effects, and, of course, action sequences/choreography. These costs came to be associated with a small number of celebrity directors seen as capable of handling blockbuster productions. Below-the-line expenditures would not just exceed the average film but would push production budgets to record levels. At the same time, rising salaries of directors and music directors ensured that the production budgets continued to rise higher without having to sign up superstars. In this fashion, the headline costs of a feature continued to denote value in the marketplace. However, the transfer of these costs from the star to the bottom line multiplied the inherent risk of each enterprise, without providing the customary offset of risk offered by the star system. Thus, we need to keep in mind that the blockbuster was a form that was initially made without major stars, simply because they were not available.

The economics and aesthetics of the blockbuster in South India are notable, since these were not merely expensive films but films where the expenses had an objective correlative in mind, typically expressed either in the form of 'richness' or spectacle. Richness is a Madras and Hyderabad industry term for pleasant and context-appropriate framing and visualizations. The point is not whether people and places look upper class, but the extent to which a film is able to create verisimilitude and provide a rough and ready accounting of its expense in visual terms. The 1990s was a time when new technologies offered new possibilities of this kind to film-makers, along with new opportunities to push up costs considerably. Particularly interesting in this regard is the deployment of computer-generated imagery (CGI) visual effects. Several film-makers woke up to the potential of this expensive technology for mobilizing novel and spectacular effects. The technology was first used to create a double of the star in a Nagarjuna film (*Hello Brother*, E.V.V. Satyanarayana, 1994) which was also released in a dubbed version. In the same year, *Kadhalan*

used visual effects in addition to exotic locations, amazing props (a bus with a transparent body), and numerous extras, to scale up its song sequences. *Ammoru*'s much delayed release in 1995 engendered a spate of devotionals ('Amman' films) that attempted to scale up a low-budget genre that was a standard item of the menu in the 11 a.m. morning slot in most parts of South India. *Ammoru* wove novel special effects into a complex and gripping story that in turn fused elements of horror and family melodrama.

Ammoru did away with the male star and transferred his crucial narrative functions to the female star-goddess (played by Ramya Krishna). She replaces the star-protagonist as the centre of the social diegesis ruptured by the disruption/absence of feudal-patriarchal authority. Notwithstanding the rather modest aesthetic, technical, and commercial achievements of the other Amman films, there is no doubting the profound influence of *Ammoru*. Reports and advertisements in the Telugu film press show that Amman films not only incurred huge expenses to create screen goddesses but that they were explicitly promoted as 'special effects' films. It is equally important that the devotional film was a distinctly regional phenomenon, with films being produced in Telugu, Tamil, Kannada, and Malayalam and travelling widely across Southern India through dubbing. The blockbuster variant of the devotional film was made for a regional market and banked on female stars to reach audiences across state borders and linguistic divisions. This manifestation of the blockbuster as a regional form emerged simultaneously in Tamil and Telugu. Its arrival was also predicated on the increasing availability of markets beyond state/language borders. Dubbing, on the unprecedented scale witnessed from the 1990s onwards, was a necessary pre-condition for the further expansion of Tamil and Telugu films beyond southern India. It increased satellite television and YouTube viewership of films produced in South India, familiarizing previously unreachable audiences with the genres and narrative conventions of Chennai and Hyderabad. Lacking the surety of the star return in its home market, the South Indian blockbuster film began to travel.

Market Mobility

What becomes, then, of the South Indian superstar, who has long been a convenient stand-in for the political work of the cinema as well as a

bedrock of its peculiar economics? Without the guarantee of star value in the home market, the blockbuster was a considerable risk for investors. Even more so as the ambitions and imperatives to travel began to increase in line with the production budget. Potentially, a union of old and new paradigms made sense, since the casting of a major star into the blockbuster will make it more attractive to the big-ticket investor. In that respect, we should never forget that every film project begins life as a pitch for investment. The film that first pitched the blockbuster and the South Indian superstar in combination was *Indian* (S. Shankar, 1996). It was meant to have Tamil, Telugu, and Hindi language versions from the production stage itself. Kamal Haasan had been experimenting with different looks and get ups throughout the 1980s and was thus a natural choice for the lead. Among all the major Indian stars, Haasan was the one who stood out for his willingness to experiment with novel roles. *Indian* was, in many ways, a Kamal Haasan vehicle. Here, he plays the double role of a freedom fighter turned serial killer of corrupt government officials as well as the corrupt son who is killed by the old man in the film's climax. Use of prosthetic makeup in this film enabled the creation of India cinema's first geriatric action hero. From the production stage itself, this was conceived of as a film for the 'national' market with Tamil, Telugu, and Hindi versions being planned. The male star played no small role in the re-positioning of the blockbuster for the national market (as opposed to adjacent regional markets). Similar in this respect was Kunjamon's production, *Ratchagan/Rakshakudu/Rakshak* (Praveen Gandhi 1997).

While the latter film was a critical and financial failure, Kunjamon's attempt to work with expensive stars in order to invite the participation of stakeholders from old and new markets (read Hindi) was precisely the direction in which the blockbuster would be moving. On the one hand, the natural role of the star was to offset the inherent risks in the blockbuster budget. On the other, the aggregation of both star value and production value implied a potential increase in market share. For their part, the stars of stature demanded that in the era of the blockbuster, their own films had to benefit from the same lavish richness in terms of below-the-line costs. Achieving and financing, no less, such a union was far from straightforward. Stars remained scarce and, more importantly, brought with them screen images that were not just created after decades of hard work but which had intimate and complex links to regional politics. M. Madhava Prasad (2014) argues that the major male stars of Tamil, Telugu, and Kannada

cinemas had been anointed as leadership figures by the populace. Perhaps the most visible manifestation of the phenomenon is organized fan clubs with millions of members, drawn mostly from the ranks of young, urban, lower-middle class, and poor men. In spite of their frequent and spectacular displays of loyalty, members of fan clubs have also on occasion actively rejected or resisted what they perceived to be drastic alterations of their star's image. Regardless of the effectiveness of fan boycotts, by the mid-1990s, the major stars had limited themselves to formulaic narratives.

Trivial as it might seem, dying on screen was simply not an option for major stars, unless the star in question was cast in a double or triple role. Kamal Haasan was the least inflexible among the major Tamil and Telugu stars in the 1990s and, for this reason, had the most impressive range of stories (and the least formulaic ones) to his credit. This is not to suggest that others stars had poor acting abilities. The genius of the South Indian star's established vehicle lay in weaving story after story around the set of expectations that could not be ignored (a new mannerism in every film, for example). Further, at the story level too, the stature of the star or the very fact of his stardom could not be ignored. This had been the case even in the earlier generation of stars, as noted by Hardgrave (1973, 1979) in his discussions of MGR's work. By contrast, as a star vehicle, the blockbuster's reconfiguration of the star-as-property opens up a fascinating set of questions related to the economics and politics of stardom in our part of the country. As Prasad (1999) points out, major South Indian male stars limited themselves to one language cinema after the 1950s. Female stars, by contrast, have moved within the region and beyond. Given the exclusively masculine domain of South India's superstars, it is as if the South Indian variety of stardom is characterized by the inverse relationship between the intensity of fan following and geographical reach of the star in question.

Notwithstanding their fees and fan following, indeed precisely because of these fixed sources of value, South Indian stars have been largely immobile. Typically, the only reason their films have travelled is because of dubbing, not because of their willingness of work in multiple languages. Equally, the superstars of the South are somewhat immobile in terms of the roles, and even the narratives, they occupy within their films. The blockbuster, being a form whose escalating costs are predicated on an ability to cross language boundaries via dubbing, therefore cannot assume that male stars will appeal beyond their linguistic 'territories'. Female stars,

who are commonly seen as playing ornamental roles in these films, come to represent a more significant asset when it comes to transferring films across markets. Film heroines become widely familiar across the Southern region on account of their capacity to take roles in different South Indian cinemas, and many female stars either began their careers in the Bombay industry or have to their credit one or more Hindi films. Just how important female stars, characterized by their ability to move between industries, are for the contemporary blockbuster can be assessed by comparing the number of results throw up by Google searches for Prabhas, the male lead of *Baahubali*, and Anushka Shetty, one of the two non-Telugu heroines of the film. As of 3 March 2016, a search from Bangalore showed 24.9 million results for Prabhas and 28.4 million for Anushka Shetty.

Another critical part of the appeal of the blockbuster is the otherness of its spectatorial pleasures. For the most part, the stars and other pleasures it offers are not typical of the films that are normally associated with the cinema in the spectator's own language. This otherness of the blockbuster applies equally, but in a different way, to the 'native' speaker as well. A large number of regional blockbusters are adaptations of Hollywood epics and other international genres. One of the formal-aesthetic achievements of the regional blockbuster has been the successful indigenization of a number of international genres from fantasy (*Baahubali*) and disaster films (*7aum Arivu*/7th *Sense*, A.R. Murugadoss, 2011) to science fiction (*Dasavataram* and S. Shankar's *Enthiran/Robot*, 2010) and action thriller (Kamal Haasan-directed *Viswaroopam*, 2013). That is, the stories and characters in these renditions of the blockbuster become 'ours' and recognizably so. To draw on Prasad's (2014) argument that the screen is an alien space that has to be owned, these new feature forms are our stories mounted upon their templates/screens. How, then, might the meta-narrative of the quintessential South Indian male film star be made to occupy the blockbuster form, carrying as it does, the signifying power of a concentrated and particular tradition of celebrity and stardom? This question inevitably brings us to Rajnikanth, indisputably the reigning superstar of Tamil cinema.

Rajnikanth Redux

Despite his extraordinary, and in many ways inexplicable, success as a cult figure in Japan, Rajnikanth's career has been highly restricted within

his regional territory. With the exception of the Tamil-Telugu bi-lingual production *Kuselan/Kathanayakudu* (P. Vasu, 2008), Rajnikanth has not featured, even in a significant supporting role, in any other Indian language since 1995. Rajnikanth's signature over-the-top mannerisms, familiar even via dubbed films, are characteristically 'Tamil' in both origin and delivery. His incredible popularity and star status is recognized throughout India, but this recognition is overwhelmingly tied to his particular place in the distinct territory of his regional constituency. In that sense, Rajnikanth is a local hero on an epic scale (given that the population of Tamil Nadu exceeds that of most European states). His visibility and longevity has caught the attention of the neighbours. Indeed, during the past decade, a steady trickle of films has spoofed this 'South Indian aesthetic' for audiences of other Indian regions. The Rajnikanth sequence in the Hindi film *Om Shanti Om* inspired a spoof of the 'idli western', which in turn was named after Quick Gun Murugan, the Tamil-speaking cowboy created to promote Channel V's 'V are like this only' campaign. More recently, there was a whole song dedicated to Rajnikanth and his fans in another Shah Rukh Khan starrer, *Chennai Express* ('Lungi Dance'). Logically then, a successful superstar-blockbuster pairing from Chennai needed a star like Rajnikanth, with a recall value beyond the region, to break into Hindi cinema's market.

Casting a major star in the blockbuster format throws up a series of challenges that are variously financial, logistic, aesthetic, and symbolic. At the same time, it is useful to recall that Rajnikanth's career had hit a low with *Baba* (Suresh Krissna, 2002) and may well have resembled the decline of Chiranjeevi if it wasn't for his timely experiment with the blockbuster. Significantly, the only two successful Rajnikanth films made after 2005 are the two blockbusters: *Sivaji* (S. Shankar, 2007) and *Enthiran*. Both of these Rajnikanth blockbusters are interesting because they take considerable liberties with the star's image. *Sivaji* works wonderfully as an extended commentary on Rajnikanth's stardom: The MGR character is, in fact, presented as a masquerade. This is not the 'real' Sivaji at all, although this is precisely the Rajnikanth whom fan-spectators would expect to see. *Enthiran* takes an even bigger risk, presenting him in the roles of a geek and villain. At Rs 80 crore, *Sivaji* was reportedly the most expensive Indian film ever made. At the time of its release, it was rumoured that the film expected to gross Rs 250 crores, offering a rate of return that is usually seen in runaway hits made on shoestring

budgets. More than the earnings of blockbusters, it is the rising budgets that immediately command interest: Where does the money come from, where does it go, and what possible justification might there be for incurring such costs? Movement of films to new territories, formats, and screens has to form a big part of that story.

With *Sivaji*, we can see how closely Rajnikanth's stardom impacted upon the evolution of the blockbuster, whose budgets could not have been justified (or perhaps even raised) if it only had the regional market to tap into. Conversely, a conventional Rajnikanth star vehicle without the trappings of the blockbuster production would have occupied a similar position. On the strength of the pairing, however, the Tamil blockbuster, which had hitherto remained a regional form with a trickle of revenue from the Hindi dubbed version, became positioned for an all-India release. With this film, dubbing moved beyond the B and C segments of the exhibition sector and into the multiplex and category A cinemas across the rest of India. Unlike the star vehicles of old, the superstar's salary no longer accounted for the bulk of costs, even when we factor in the astronomical sums that were reportedly paid to Rajnikanth for *Sivaji* and *Enthiran*. This is because considerable expenses were incurred on other above-the-line costs, including technicians and heroines, but most importantly, the director's salary became comparable to that of major stars (if not Rajnikanth himself). Below-the-line costs also rose sharply, ensuring that the film remained bottom-heavy. Sets, visual effects, prosthetic make-up, extras, locations, and almost every single line item in the budget, in fact, saw a sharp increase for this blockbuster.

Rajnikanth's presence in the blockbuster was neither incidental nor did it follow the rules of fungibility. When the blockbuster accommodates a major star, it must do so with an acute awareness of his core constituency and his claims to uniqueness. In *Sivaji*, the character of Rajnikanth is seen tossing a chewing gum into his mouth, replacing the cigarette which could no longer be smoked on screen without disclaimers. *Chandramukhi* cast the star in the role of an upper-middle-class medical professional. Moreover, the film also cast him in the role of an evil feudal lord, whose staged execution is the centrepiece of the film's climax. Rather than stop at making intertextual references to the star's biography and earlier films, the blockbusters go on to showcase the novelty of the multiple roles. These devices consciously foreground the difference between the earlier body of work and the present and, in doing so, dramatize the decisive movement from

star vehicle to blockbuster in terms of genre and narrative. This metaphor plays out in extremely complex ways in *Sivaji*. The film's story is centred on the movement of money while the star is made over, first as a joke but much more strikingly so with the return of Sivaji as MGR. Until the makeover of Sivaji as MGR, the character's attempts to establish a college to educate the meritorious poor fail. In spite of his brilliant strategies, the Sivaji character masquerades his ordinariness. Indeed, there isn't much by way of the signature style that is rightfully expected of a typical Rajnikanth role.

In the latter part of the film, when Sivaji returns as MGR, we finally see the over-the-top invincible star-protagonist that is the hallmark of the Rajnikanth film. Thus, *Sivaji* is a film in which the drama of the movement from an older format of star vehicle to the blockbuster is played out on the body of the star. Consequently, Prasad (2009, 76) argues that with this film, Rajnikanth 'has been converted into a commodity' because '[in *Sivaji*] he does not get to speak to the community of the faithful in the old way.' Vijayabhaskar and Wyatt (2007, 32) also describe *Sivaji* as 'an orgy of commodity fetishism with expensive food, gadgets, clothes, watches, and cars as ubiquitous props.' This may not be a sure manifestation of its neo-liberal ideological leanings, as they claim, but rather a recasting of 'richness' in the operating context of the blockbuster. Here, the visualization of wealth is a means of providing objective correlatives for expenses incurred and, thereby, signifying value below the line. As a consequence of aligning this form with major stars, the blockbuster finally began to attract the attention of some of the biggest players in the regional media business (including AVM, Sun Movies, and Lyca, the UK-based mobile network operator). Essentially, it became pitch-perfect.

Attractions and Transactions

M. Madhava Prasad (2014, 136) revisits Rajnikanth's stardom to make an important distinction between star value and star power. The former has to do with reputation and 'face value'. It is a result of the 'familiarity that a star acquires through an increasing, and increasingly popular, body of work.' The latter, 'star power', accrues due to spectatorial investment in the star. The star system seeks to effect a transaction, or set of transactions, between star value and star power in order to create an optimal exchange between popularity and investment. Prasad's observations on star power

and star value could thus be read as an attempt to flag the complex problem of value (cultural/political and economic) in the cinema in general and stardom in particular. To put it slightly differently, the transaction gap between quantifiable economic value and intangible value of the cinema. Prasad's observation of the attempt to convert Rajnikanth's star power into star value can be expanded into an argument about the growing importance of value generation, even among South Indian superstars. From the 1990s, Chiranjeevi began endorsing products (starting with Thums Up). The films of South Indian superstars began to have in-text promotions for prominent consumer brands, publicity of films was underwritten by corporate houses, and so on. However, Rajnikanth does not appear to have seen this transformation through, both in terms of monetizing his value and his choice of films. Indeed, he deliberately returned to the narratives of his star vehicles of the *Muthu* and *Padayappa* vintage to address the 'community of the faithful' as recently as *Lingaa* (2015).

In short, the problem may not be the 'loss' of Rajnikanth to wholesale commodification but simply the blockbuster's attempt to deploy stars in ways that are markedly different from star vehicles of the older vintage. In the blockbuster, the star is not under the obligation to address fan expectations. He is also not under economic obligations of the kind that South Indian stars alone seem to acknowledge. These obligations take to a new level the expectation from film industries that stars recover the cost of renting their bodies. While stars earn their producers profits because of pre-sale arrangements with distributors, South Indian superstars nevertheless feel obliged to stand guarantee even for distributors. This effectively means guaranteeing the success of the film at the box office, or at the very least owning responsibility for its failure. In the event of a film's poor performance at the box office, some stars are known to negotiate with their producers to return a part of the pre-sale proceeds to distributors. Stars including Rajnikanth and Pawan Kalyan (Telugu) are reported to have absorbed some of the losses of distributors in the past. This has led to a situation in the present in which the idea of the star-as-guarantor is taken quite literally by distributors who have begun to claim refunds on their investments, almost as a matter of entitlement. Conversely, whereas star value is a surplus that a star attempts to trade, Prasad (2014, 137) offers Rajnikanth as an example of a star with star power attempting to convert star power into star value.

Resolution of the value question, at least for segments of the Hindi film industry, came in the form of Bollywoodization, that is, through additional windows of revenue, monetizing star charisma, co-branding, and so on (Rajadhyaksha 2003). One of the main obstacles for attempting this process in South Indian cinemas is also their prime asset: superstars. Their highly specialized but limited repertoire, scarcity even for film production (let alone stage shows and brand endorsements), political ambitions, and stature, have all severely limited their usefulness for a Bollywood-like transformation. In South India, a generation of superstars partially (and temporarily) resolved this problem by deriving political value from the cinema, without even bothering to monetize their stardom beyond the cinema. Neither MGR nor NTR endorsed products or tried to create a line of merchandise. NTR did 'cash in' on his stardom by acting in plays but that was in support of causes whose status as charitable actions was not in doubt. Those efforts earned him good publicity and a Padma award, not money. Rajnikanth too has refused to lend his name for marketing products and, in the process, can claim to be ethically superior to others who have done so. But the model of stardom that he was the prime exemplar of came into crisis because there were few (story-level) problems left for him to solve and, as Rajan Krishnan (2007) suggests, he delayed (or refused) to make the transition to active politics.

The Regeneration of Star Power

Stars are created by industries and remain in business only as long as they are able to attract investments to the projects that they endorse. In South India, the turn of the twentieth-century star vehicle was highly localized and packed with spectatorial pleasures that were predicated on familiarity: with form, theme, story, star biography, political milieu, and the spaces of consumption. These are all reasons why star value could not be easily transferred to film cultures where such conventions or details were unknown. This contextual thickness has underpinned the intense concentration of investments (variously financial, emotional, and political) in the superstars of the day. The brazenness of the equivalence between stardom and divinely ordained destiny should not, therefore, be discounted as an actor's megalomania. Rather, it is a pointer towards a serious problem with the reification of the star image over time and the increasing difficulty of finding story-level explanations for the star's

extraordinariness. The centrality of the star in storing value, establishing pricing, and attracting investment within the industry was common to Indian cinemas for a considerable period of time. The transfers of star value to the political domain has been more specific to the regional cinemas, given the favourable correlation of intense linguistic, political, and industrial forces at that scale. This nexus has generated considerable star power within these 'home' markets but its preponderance within the logics of production has also created impediments to transfers of value to other markets across the country. If the concept of embedding is to have traction in the Indian context, then it must account for the highly localized and particular configurations of culture, capital, and polity that are embodied in the generation of star power.

At the same time, locally specific modes of celebrity in the regional cinemas remain subject to the broader set of economic, technical, and social changes that affect the media economy as a whole. The blockbuster emerged against the backdrop of rapid changes in distribution and exhibition structures. The sheer scale of the blockbuster, its additional attractions, newfound status of its directors, and the entry of players from emergent media and entertainment corporations all make for a shift away from the star-centred model of production that typifies the distinctive star vehicles of our superstars. Movement of filmed entertainment beyond the cinema, understood as the single-screen theatre with its attendant fan excesses and socio-political contestations, is also one of the preconditions of the regional blockbuster. As such, the regional blockbuster is 'post-cinematic' in the sense that it is a response to the gradual decline of the cinema's longstanding pre-eminence as an economic, social, and cultural form. It is a characteristic response, sensitive to the complexities of an ethnically and socially diverse set of markets and to the evolving balance of power within the value chain of film production. Nonetheless, the blockbuster still appears to need the superstar: The Rajnikanth starrer *Enthiran* (in its multiple language versions) had a higher box-office gross than all Hollywood films released in the year 2010. The superstar also needs the new form to resolve intractable problems related to his stardom. Thus, unless a superstar's vehicles are in fact premieres of campaign videos for political office, the future of South Indian stardom could well be the blockbuster.

9

Ratnakar Tripathy

The Artist as Entrepreneur

Talent, Taste, and Risk in Haryana and Bihar

When I entered the home of Azad Singh Nidan in Bharan village in Haryana, I found him studiously scanning the day's newspaper. Soon after the state elections of 2014 in Haryana and the formation of a new government in the state, such interest in news did not seem particularly striking. What seemed unusual however was that the page in front of Nidan was streaked with the blue of his pen. When I asked him to explain why, Nidan said that as a singer and songwriter, he must pay close attention to the policy declarations and schemes announced by the new government, all of which he had systematically highlighted with his pen. Nidan was planning to visit the government's publicity department the next morning and wanted to carry some concrete song ideas around the specific government projects for the officials in Rohtak (around 80 kilometres north-west of Delhi in the state of Haryana) instead of waiting for the elusive call. His interest in the news items was thus not that of a mere voter or a concerned citizen but one of a professional pitching for business opportunities. Even though Nidan does not belong to the traditional Haryanvi caste of singer-performers such as Mirasis, his main forte continues to be the *Sang-Ragini* folk tradition which he can put to a variety of such non-traditional uses.

During my ethnographic work among professionals from the entertainment industry in Bihar and Haryana, this was the closest I came to what may be termed market research, albeit in its raw and folkish form. But the fact remains that even earlier, halfway through my initial fieldwork in Bihar in 2009, I was repeatedly driven to the conclusion that

the regional artist in our times is indeed best seen as an entrepreneur. As such, this chapter stems from an ongoing study aiming to map the growth of the regional entertainment industries in the Hindi-speaking areas of India. This account is based on material collected during fieldwork in Bihar and Haryana and focuses on the music artists and their main livelihood concerns in recent times. The fieldwork on the Bihar and eastern UP music industry was carried out in 2009–10 around the peak of the CD/DVD industry in the region, when its decline had just begun to set in. The fieldwork in Haryana was conducted in two phases during 2014, by which time the CD/DVD industry had clearly foundered and the market had decisively shifted to a more eclectic era of downloads, with a variety of formats, instruments, and devices in use among the audience. In both phases of fieldwork, in-depth conversations were held with several singers, instrumentalists, producers, music suppliers/retailers, studio technicians, and local experts to acquire a good idea of how they viewed the developments in their trade environment and how they assessed their own changing position within the industry and wider society.

Divisions of Labour amongst Artists, Musicians, and Audiences

To go back to Azad Singh Nidan from Haryana, his predicament and preoccupation illustrated three important aspects of the Haryana and the regional culture industry as such: first, the fact that even the traditional artist in our time must now actively seek his patrons and audience; second, the commonplace that he must adapt his product to newly emerging needs and tastes; and third, Nidan notably and rather illustratively does not come from a traditional community of performers in Haryana, chiefly the Mirasis, but also Doms, Badees, or Jogis. In fact, some of the best-known names in the Haryana *Sang* lore come from Brahmin, barber, Chamar, and potter castes. It must be admitted here though that the most dominant castes in the region, Jats and Yadavs, to this day remain conspicuously absent from the profession, except perhaps as song writers. Gajendra Phogat, the only Jat singer I was able to locate and speak to in April 2014, claimed he is the only Jat pop singer in the Haryana market. This was confirmed by many other artists who went much further and also tried to suggest with some spite that Jats, the dominant caste in Haryana and perhaps the major patrons of Sang, are traditionally perceived to

be musically deprived or even tone deaf. This was indeed an interesting case of an aesthetic division of roles and labour between the performer and the patron. Unlike Haryana where the Mirasis, the traditional community of performers continue their domination in terms of numbers and quality, the traditional performing castes of Doms and Nats in Bihar have not acquired a similar stature in the trade. In fact, they have lost in terms of both the traditional patronage and the skills, not to mention the social visibility of their art forms.

A good example may be seen in a study on the ballad singers or Bhagats (shaman-performers) from Bihar who belong to the lowest strata of Musahars, Pasis Dusadh, lying on the margins of the society (Narayan 2014). This rich tradition of ballads celebrating their own heroes and warriors is now confined to sporadic and localized performances mostly within their own communities, and the Bhagats seem to have no access to the modern media. It is not even clear if any entrepreneurial attempts or initiatives have been made by them to enter the broader media space at any scale, even as cultural activists in Bihar continue to fight the complete erasure of many such forms. Thus, the performer is indeed seen here as the main protagonist but the story of the performer's predicament invariably radiates in several directions, involving the dynamics of musical production and circulation, changing relations with the patron and the market, the shifting technologies as well as the new and old caches of musical material extracted from the traditional and modern sources. The context for all these changes is the wider transformation reflected in the caste societies of Bihar and Haryana and the changing fabric of the entertainment industry within the modern industrialized economy in its formal or informal versions. This is thus a tale with many subplots including technology shifts, socio-political changes, and the resurgence of the regional languages, all of which may seem to merge into a common saga of how musicians are manoeuvring their way through the livelihood opportunities available in our time.

'In our time' is, of course, a fraught phrase as the artist must constantly keep an eye on the flavour of the season along with the more enduring formations of taste among the audience and the patrons. Such attentiveness is a matter of survival, given the high-risk nature of the entertainment industry. It must be clarified at the outset that despite the generic term 'artist' which I use here, the fact is that every musical group or gathering carries a hierarchy often based on the traditional caste

distinctions and age—the head singer occupies the top position, the instrumentalists follow a clear order of importance and seniority, while the apprentices and dancers belong to the bottom. In Haryana, the word used for the traditional group leader is *Bedeband*, also termed ustad elsewhere. According to Kapoor Singh Kundu (interview, 2014) from Rohtak, the dominant Jats confine themselves to singing, never 'stooping' to play an instrument, a tendency that duly reflects the musical hierarchy. The 'artist' is thus the group leader, most commonly the singer, who may or may not be a fulltime professional. In the case of Haryana, the Mirasis, in many cases, were found to be employed by the government but rarely took to agricultural work. In the case of Bihar however, even fulltime artists were found to follow a wide variety of traditional and modern occupations, including a teaching position in a junior college in Buxar.

It is important to mention that while Haryanvi, the chief language spoken in Haryana, is rarely found in print, its music and television media are fairly well developed and continue to expand, even though the language has no official status. The case of Bihar with its numerous regional languages such as Bhojpuri, Maithili, and Magahi, among others, is slightly different. Among all the regional languages, it is Bhojpuri that has acquired unforeseen pre-eminence through its music, cinema, and television media. The chief reason may be that apart from Bihar, the language is spoken in the large eastern part of Uttar Pradesh and even across the border in Nepal, embracing a population of nearly 150 million. The large migrant populations from the Bhojpuri-speaking areas across the country have added to its visibility and audibility at the national level (Tripathy 2007). Linguistically speaking, what is remarkable in the case of both Haryana and Bihar is that Bhojpuri and Haryanvi continue to expand their reach through the media without a significant presence in print. The reason behind choosing the two regions for comparison is that despite being part of the Hindi-speaking bulk of India, they are geographically and culturally far removed, allowing us to assess the similarities and divergences within the larger embrace of the Hindi-speaking region of India. Crucially, Haryana is one of the most economically developed and industrialized states in North India, whereas Bihar is often placed at the bottom at the pan-national level.

This brief socio-linguistic profile allows me to proceed with the central arguments of the article. My comparative study between Bihar and Haryana is divided into three segments—the first one dwells on

the most striking similarities seen between the plight and the position of the musician in Haryana and Bihar. The second segment focuses on the distinctive themes thrown up in the two scenarios, some of which may even connect with the widespread global trends. A third concluding section briefly discusses the vital question of how the regional artists put together the inherited and newly quarried repertoire of musical material. This can, of course, be done only through a discussion, however brief, on how the musical experience of the consumer audience has undergone a profound transformation in recent times. What brings together the disorganized clutter of similarities and contrasts between the regions of Bihar and Haryana is that it is now increasingly possible to view the regional musician in our time as an entrepreneur, promoter, and marketer of his own product. The still evolving story of this entrepreneurial model begins with the extraction of musical material from local and distant resources to the end processes of presentation and selling, not to mention the publicity and advertising efforts that are necessarily embedded within the production-circulation chain. The story of the evolving musical entrepreneur thus seems to go a long way, coalescing richly with the wider evolution of livelihood, technology, and public taste.

Disconnections in the Trickle Economy

Although in 2009, my project aimed to examine the music CD/DVD industry in Bihar, it became clear at the very outset of the fieldwork that despite the immense growth of the recording and replication technologies and industries, as far as the artist was concerned, the mainstay of the industry lay elsewhere—in the live shows. In fact, the initial research agenda and the schedule had to be seriously modified when it became apparent that almost the entire story of music production at the regional centres seemed to begin and end with the artist, rather than with any industry of sorts. This observation was confirmed again during the Haryana fieldwork in 2014. This 'entrepreneurial' model requires an elaborate explanation and a deeper look into the extant production chain in the two regions. To begin with, the artists largely invested his own money to produce the CDs for which the returns were increasingly quite poor by 2009. In Bihar, the artists often complained that the music companies in Patna and Delhi behaved as 'parasites' by making money out of their work and refusing to share the proceeds of the sales. The music

producers in turn argued that rampant piracy has busted their markets and the paltry returns did not allow any serious revenue sharing with the artist. Instead, they soon scaled up and routinized the practice of charging the artists for their production expenses, which increasingly developed to become their major source of revenue and the trade norm.

This shift is best reflected in the changing role of the A & R (Audition and Recording) agents recruited by the music companies in the early 2000s. This is when the supposed talent hunters turned into middlemen luring the local musical wannabes and leading them to the company studios as a source of income. In the Bihar of 2009, a CD/DVD recording cost the artists between Rs 30,000–150,000, depending on the prestige of the label. By 2014 in Haryana, the costs seemed to have gone up very slightly. These figures are, of course, based on the numerous conversations held in Bihar and Haryana with the artists and studio owners. By 2009 already, the best deal an artist could get from the company was not to have to pay for the DVD recording and perhaps a token grant for travel and stay in the big city during the recording. The reason for this was the transition from the cassettes to more cheaply replicable CDs around the year 2000, supposedly a watershed year in the region, which suddenly made piracy quite feasible economically for a small investor. Vinay, the owner of a small music company based in the music hub of Bakarganj in Patna, told me in June 2009 that in the cassette era, piracy caused him losses ranging between 10–20 per cent whereas in the case of the CDs, his losses had gone up to 80–90 per cent, a catastrophic figure even if one allows for some exaggeration.

Even in the era of the CDs, piracy rarely led to any serious outrage in the regional context but by 2014, it was shrugged off as a matter of course and the focus had shifted entirely to the downloads market. A number of studies on the rise of the digital technology and its impact on the regional music industries in India have attempted to assess the structural changes in the industry that are now firmly entrenched. Manuel (2014), in an attempt to update his earlier landmark study (Manuel 1993), analyses the overall scenario of decentralization that marks the digitalized industry focusing on the *Languria* tradition of the Braj region in western Uttar Pradesh. Beaster-Jones (2014), based on his ethnographic work in India on music piracy, explores the circulation aspect of music in Bhopal and Mumbai. Piracy is clearly disruptive of the circulatory and thus the structural aspects of the industry, earlier made possible by the

new technologies of cassettes and further accelerated by technologies such as CDs, Internet, and MP3. Given the legal-ethical climate in India, the economic consequences of piracy were felt in the most fulsome manner by the industry as a whole, including the artists. In fact, the music companies routinely referred to piracy when justifying non-payment of the artist's fee. Frustration born from such experience proved to be an impetus for the artists in the long run to turn into entrepreneurs. This is perhaps why, by 2014 in Haryana, I rarely heard any complaint against the producers or music companies at all as the artists seem to have come to terms with the fact that they must single-mindedly depend on live shows for their living.

This interesting disconnect between the distribution system and the artist's livelihood has since compelled me to speak of a 'trickle economy', where the artist's investments in the industry seem much more substantial than the larger music companies as the so-called trickles add up to enormous volumes (Tripathy 2012a). Several smaller producers and retailers in Bihar and Haryana readily admitted that even as the crisis created by piracy proved near impossible to handle, in the recent past the technological changes such as cell phone music, pen drives, and downloads from the Internet have invalidated the earlier revenue model based on the sale of cassettes and CDs/DVDs. In the dismal state of affairs created by piracy and the new market scenarios generated by the new technologies, the smaller music companies found in the artist a stable and enduring source of income ever since piracy touched alarming levels. The radical change in the music market was best revealed by Bittuji, fifty-four, a veteran supplier and retailer of regional music who started his career in the early 1990s. When a four-hour conversation with him in his shop in Rohtak went uninterrupted in April 2014, Bittuji pointed out the significant irony—only two customers had approached him, leaving our conversation entirely undisturbed. According to him, the crisis that started in the late 1990s in the form of piracy of CDs reached its logical culmination around 2012 in a diminishing need on the part of the customer to pay for music in its traditional formats, the cassettes, CDS, and DVDs.

Artists, Patrons, and Angel Investors

'Pen drives, phones, memory chips' brought about such redundancy for Bittuji's previously thriving agency that he is now compelled to look for

a new line of business at the age of fifty-four (interview, 2014). The fact is that the smaller music companies with a few or no showpiece stars in their repertoire now depend heavily on the fee paid by the artists seeking their brand cachet. This was confirmed at the Harmony Studio in Rohtak, Haryana in 2014 and repeatedly confirmed at several retail outlets and studios in Bihar earlier in 2009. This mutual dependency in the disconnection with (or even in absence of) direct product sales raises a number of serious issues. If a music company does not invest in the recording and the production of the music (except for the biggest stars) and does not even share the revenue with the artist, confining itself entirely to the distribution process, the question must be asked: What role exactly is the company playing in the supply chain? Is it just a provider of brand respectability or something more? Does it even effectively circulate and distribute the music product serving the more limited purpose of publicity to the satisfaction of the artist? Although my own interest is focused on the artists as the main protagonists, the backdrop of industrial remediation could also be investigated from the music company's viewpoint, with a comparative account involving a more macro view of this transformation across regions.

It is possible to see the music companies in terms of three main tiers—the larger ones carrying considerable branding clout and dealing in the mainstream (such as T-Series and Magnasound) and the mid-size companies specializing in regional music (such as Wave, Angle, Neelam, and Sonotec) that spread across a number of languages ranging from Kumaoni to Rajasthani to Bhojpuri. The lowest tier may be said to be occupied by a very large number of local studios and investors who may nevertheless produce albums only occasionally or opportunistically. Over the decades, the music industry has progressively decentralized, shifting from larger hubs like Delhi to smaller centres like Patna and Chandigarh or even Rohtak in Haryana and Siwan in Bihar. From the artist's perspective, however, the music companies are a minor and even discountable source of earnings. The real source of income are the live shows, big and small, with some of them being living-room or courtyard experiences. If one confines oneself to the live show economy, almost all the artists from Bihar and eastern Uttar Pradesh admitted that their earnings come from two components—first, the contractual payment that comes from the chief patron or the ticket sales, and second, from what I call the 'live rewards', namely the cash showered on them during the show

from the members of the audience. In some cases, as cited by Kranti Baba from Buxar, Bihar in 2010, these 'rewards' could be as much as fifty times the contractual fee. There were sundry cases where a prize of precious jewellery was given to an artist.

In this sense, even a privately commissioned show becomes open to wider participation and financial patronage. It is not uncommon in Bihar for an artist to announce names of the donors, but in Haryana, the Sang-Ragini show is customarily paused for long durations that may seem tiresome to the outsiders but are economically mandatory for the artist. These pauses called *Chamola* comprise the systematic, recitative announcement of donor's names, thus forming an integral part of the genre itself. In this sense, the live rewards are firmly institutionalized and only a very annoyed audience will refuse to part with cash on the spot. During a four-hour Sang performance by Pyarelal in Bhaisari in Haryana in April 2014, I found that a donation of Rs 10 was mentioned with the same sense of obligation as a substantial reward of Rs 10,000. This is why the cash rewards are integral to the artist's income and not an added extra. It is perhaps important, then, to pause and ponder over the exact nature of the artist-client relationship reflected here. It remains of fundamental importance to the viability of the music market. Perhaps the best way to grasp this relationship is to see the audience as the 'variable patron' rather than just a customer in the common sense of the term. Built upon strong feudal foundations, the 'traditional' patronage stance continues to this day as an institution but the individual 'patrons' keep changing and this allows for contemporary innovations to be developed. Another way to understand this set of performance transactions is to see the repeat customer as someone starting to behave more like a patron, rather than functioning as an anonymous consumer or one-off buyer.

It would seem that the performing artist has come a long way since the 1990s, when wooing the music companies was his major concern. Nowadays, bagging contracts for live shows must be the chief aim and preoccupation for an artist in Bihar and Haryana. The simple question to be asked here is—how do you go about it? The answer to this was found in a small but well-equipped recording studio in Siwan, Bihar in 2009 and was reconfirmed at another studio in Rohtak, Haryana in 2014. While the studios calendar follows the festival seasons with albums suited to each festival such as Durga Puja, Shiv Ratri or Holi, the individual artists continue with their recordings throughout the year. More recently, a long conversation with Ranjay Babla

of the Symphony Studio in Patna in September 2014 confirmed that the big music companies may not seem directly relevant to an average singer's income but the company label is undeniably seen as a proof of recognition, talent, and status to the extent of determining the rates quoted by the artists for their live shows. Even when the artist cannot afford to buy the big label, he does need to have a good-quality demo CD/DVD in a limited edition to publicize his talent. This is why the Harmony studio in Rohtak, visited on three different days in May–June 2014, never seemed out of work. On one occasion in April 2014, I met a musician/singer–songwriter duo who were recording their own song for a video with a budget of Rs 150,000 received from their families. Both artists had engineering degrees and plans to upload the video and watch the response on the Internet before making further career decisions.

Harmony Studio, according to its owner Ashok Varma (also an employee at the local university), gets a steady flow of business from such hopefuls but also from veterans wishing to continue with every passing musical season. Ranjay Babla, a former stage artist devoted to Hindi songs and owner of the Symphony studio in Patna, was determined to have nothing to do with Bhojpuri songs, but found he would be out of work if he didn't make a switch to Bhojpuri songs as the staple for his studio. At some stage in their careers, it is not uncommon for artists to invest in a studio or some other business for a reliable source of income. But we need to remember that the career journey of the artist begins with an angel investor—a rich uncle, a *mukhiya* (village head) turned wealthy through misappropriation of government funds and with money to spare, or a family friend who develops a trust in the artist's talent as the sole collateral and is willing to bet on him in an enterprise notorious for being highly risky. Of course, quite often an artist ends up acting as his own angel. The term 'angel investor' has been used here to highlight the high levels of risk as well as the eventual possibility of significant returns realized more often through the increase in the live concert assignments than the CD sales. Once the artist is ready with a few hundred copies of the recording, he has to make sure that his music is heard as often as possible for an adequate market exposure. It is actually the live concert and not the CD shop that is seen by the artists as the market through which he successfully and profitably makes his living.

The range of initial investment in preparing a sample CD/DVD, of course, varies depending on the ambition, self-regard, and the resources

available to the artist. A mid-level company may charge between Rs 50,000–150,000 for a DVD but an unlabelled studio recording may only cost Rs 10,000 without the video version. It is important, therefore, to understand the unconventional circulation and publicity processes through which an artist finds exposure for his work. These processes also include ring tunes for phones and other downloads and word-of-mouth circulation in the narrow confines of the regional market. The most audible part of the circulation and publicity may, of course, be the loudspeaker, but also the rural vehicles including tractors at work that infuse the otherwise quiet rustic landscapes with music. Anyone familiar with the small-town soundscapes in India knows the two facts relevant here: first, at any given moment, it is rarely possible to be out of the hearing distance of a loudspeaker, except perhaps late at night. Second, that no religious function, major or minor, is complete without music, whether related or unrelated to matters religious. In all this din, an outsider may miss out on the most vital aspect of such musical events—the din is rarely random and every piece of music is consciously selected. In fact, the local press in Patna regularly reports outbreaks of fisticuffs on such religious occasions precisely over the selection of the favourites.

The Artist as a Marketing Manager

It would be appropriate to underline two major ironies that characterize the music industries in Haryana and Bihar: the transformation of the traditional artist into an investor and risk-taker but also as the chief agent of advertising and publicity. It is also germane, I think, to emphasize the risk aspect involved in all these entrepreneurial efforts. An extreme case of a singer from Sasaram, Bihar, will illustrate the point here. Santosh Rai who had invested all his property on recordings for his son and himself was driven to poisoning his entire family including himself when he went bankrupt (*NDTV* 2015). The report states that 'police said the reason behind suicide could be heavy financial loss as Santosh had sold his land, house, vehicles and other property to chart out a singing career for his sons.' Indeed, during fieldwork in Bihar, I came across several tales of misadventure (though generally with less extreme consequences). Haryana did not come forth with a single such case. Thus, while some of the above observations relate to what seemed common to the Bihar and Haryana music economies or even wider global trends, it is the regional

dissimilarities that seem all the more striking. Possibly the most obvious difference between the music economy of Bihar and Haryana is related to provenance and spread. Bihari music is found not in Bihar alone but nearly all over the country in small and big clusters and concentrations through its massive migrant populations. Indeed, just like Bhojpuri cinema, the music market among the Bihari populations took shape in the 1980–1990s in distant destinations before arriving and settling at home.

The second major difference lies in how the Bihari and Haryanvi middle classes relate to their local languages and the place Haryanvi and Bhojpuri languages occupy in the Hindi-English dominated middle-class lives from the two states. To illustrate the point, after the initial phases of the Bhojpuri cinema in the 1960s–1970s, the Bihari middle class has been hostile towards its own cinema. This has close parallels in music where, over time, the middle class had almost completely disowned its cassette and CD industries on the grounds of vulgarity. Consider the strong martinet sounding words—'a list of the obscene songs should be made and people should be asked not to listen to them', said Bhojpuri scholar Girishchandra Dubey (*Thaindian News* 2008). He added that a campaign against vulgar Bhojpuri songs will create awareness about their bad effect on society. Unable to sustain its own traditional forms ranging from the theatre to musical genres, or recent forms like cinema and music industries, the educated middle class is reduced to the role of an outsider given to perpetual carping and outright rejection in the name of cultural critique (Tripathy 2012b). Ironically however, according to recent estimates almost ninety per cent of the singers in Bihar come from Brahmin and Yadav backgrounds. As against this, Gajendra, the only Jat singer I was able to meet in Haryana had claimed that he is the only Jat singer in the market. Yadavs (not to be conflated with Yadavs in Bihar), the other dominant caste in Haryana, also rarely take to music as a profession.

A very good indicator of the middle-class patronage of the traditional Haryanvi music and dance forms is their routine presence on the university and college campuses where these forms are a regular fare among the well-educated. Such proud celebration of the local art forms among the local intelligentsia and at the official levels is rare in Bihar. The cultural and linguistic gulf between the common people and the educated in Bihar would thus seem much wider compared to Haryana which exhibits a higher level of cultural integration with allegiances in operation at every level of the society. All these formations of class and taste necessarily

impact upon the structure and the fabric of the music markets in the two regions. Both Bihar and Haryana show three distinct streams of musical production—the traditional folk, the city-based orchestral groups, and the eclectic and 'opportunist' sort who mix folk and pop. But in the case of Haryana, the audience taxonomy and the revenue generation process were found to be quite distinct. In Haryana, the Sang-Ragini shows are organized in the name of community service or public works. Here is a synoptic list: the sponsors and occasions include the dozens of cow shelters in Haryana, sugar mills, schools, panchayats, temples, unusually enthusiastic college fests, road construction, dharamshalas (hospices), digging of well or pond, and sundry public occasions when the audience donated significant amounts shared by the sponsor and the Sang party. An aging Mirasi from Nindana claimed that he was instrumental in the construction of eleven schools in his lifetime.

On one occasion when I got a chance to look at the day's accounts for an eleven-day Sang show in Bhaisari village in April 2014, a single day's income for temple construction was above Rs 40, 000. During the *Chamola* recital, the artist sang out the breakdown: so much goes to the temple and so much goes to the artists, a group of nine including a cook. Kapoor Singh, a Mirasi from Rohtak, even claimed in a conversation in April 2014 that if not for the cow shelters of Haryana, Ragni-Sang would be extinct by now. Add to the above list the government departments that employ several dozen artists on regular and casual basis. Indeed, in a wealthy state like Haryana, it seemed possible to make a living purely through government jobs or incredibly through college festivals, as a young dance teacher Karan admitted to me in May 2014. But on the whole, it seemed that the artist-entrepreneur in Haryana must constantly juggle between patrons, sponsors, and fundraising shows to make a decent living. Of course, a visit to Ranjha Ram Sangi in May 2014, a second-rung singer made it abundantly clear that the phrase 'decent living' means very different things in far wealthier Haryana and much poorer Bihar—he owns three large houses and two cars and has decided that his three sons should continue in the profession.

In Bihar, the shape of the market is made diffuse, not just by the migratory spread in a variety of clusters across India but also due to the lack of institutionalized or routinized ways of income generation for the artists. The latest findings indicate that out of a few thousand artists in Bihar, around 40–45 per cent depend almost entirely on their earnings

from music and the second-rung artists numbering around twenty-five earn up to Rs 2–3 lakhs per month, an impressive figure for Bihar or even a wealthy state like Haryana. The live shows in Bihar could be ticketed shows, private functions, community occasions, or religious festivals (which play a much greater role in Bihar) but in this instance with no clear-cut revenue model or template to follow. The entire year is seen as a series of festivals interspersed by less topical folk and pop performances, all of which reflects in the studio bookings, thereby indicating different musical seasons. The one running thread throughout the year is *Bhagawati Jagran* common to both Haryana and Bihar and given its popularity and frequency, I suspect it is a sub-industry on its own giving sustenance to thousands of artists all over the Hindi heartland. Bhagawati Jagran involves night-long vigil and singing praises of the deity Bhagawati. Artists from Bihar also seem to travel to lot more distant destinations for shows among the migrant settlements in slums and housing societies in the metropolises and smaller industrial hubs. For this reason alone, a broader mapping of the live-show market in Bihar seemed a tough proposition, with artists perpetually on the move between Bihar and several migratory destinations across the state and the country.

Economics of Musical Material and Talent

Although the above sections dealt with the economic structures and routinized financial transactions typical of the music industries of Bihar and Haryana, no discussion on these media economies would be complete without due attention to the raw material sourced and processed by the musical entrepreneur in his capacity as a miner or gatherer and supplier of material to the outside world. This is also of direct importance to an artist-entrepreneur well aware that good voice, training, and refined skills are only the container to be filled with content. This mobilization of cultural resources seems to operate mainly at three levels or strategies, which are as follows:

- By adapting traditional material to modern conditions and demands.
- By expanding the repertoire through the mining of untapped traditional forms, freeing them from their traditional moorings, contexts, and ceremonies.
- By importing alien content, styles, and presentation practices.

All the above points require illustration. A very good example of how a traditional form is adapted to the contemporary contexts is the curtailed presentations of the Sang shows in Haryana. Whereas earlier the shows would carry on through the night for several days, it is commoner nowadays to present them as smaller chunks on fewer number of days or even on a single day. This has also worked well with the audience though it is doubtful if the audience would accept more synoptic narration carried out in a few hours and a single show. Another good example of this was seen in the case on the Ragini competitions in Haryana that have been popular for the last two decades but are now on the wane since 2008–9. Several professionals spoken to in Haryana recalled the frequent Ragini competitions with a sense of horror—what started a few decades ago as an earnest attempt to conserve the melodic component of the traditional Sang-Ragini form in the urban setting slowly turned the stage into battlegrounds where competing groups of audiences used every means to ensure the success of their troupe, often using violence. The Ragini competitions according to Sudhir Sharma, a Rohtak-based intellectual and expert interviewed in April 2014, soon revealed the caste divisions in Haryana as the competitors were invariably backed by their own community members who often turned violent and abusive. Women and the genteel folk withdrew from these contests and, by 2009, the Ragini rage subsided with disapproval from all sections of the society in the towns and villages.

This cycle of distortion and recovery is interesting in that the practice was consigned to the past in the last few years. In contrast, similar contests in Bhojpuri on Mahua and other TV channels in the presence of respected judges continue to be highly successful, ensuring quality and taste. The second strategy followed by the musicians, whether consciously or reflexively, is to free traditional musical forms of their traditional contexts and make them available on demand. As hinted earlier, traditionally, popular music came to the audience as part of a context—whether seasonally or with a function or specific community objective. With the immense growth of musical production and opportunity for consumption, the nature of musical experience itself has changed, fundamentally turning music into a context on its own. In brief, you need no excuse for listening to music even if the manner of listening or the device used may be determined by the social contexts and surroundings. This gives artists the opportunity to free traditional forms of their original contexts and

rid music of its numerous protocols and ceremonial calendars. Although contemporary Bhojpuri music is associated closely with a limited verbal and musical vocabulary, this is not how the Bhojpuri mass culture was born in the late 1980s. Manoj Tiwari, the first superstar of Bhojpuri music, became a trailblazer by mining those nooks and crannies of life in the region that belonged to the private realm, and untouched by the professional singer—songs related to life cycle, private ceremonies, and rituals, and even songs sung by women.

Keshav, a musician in Banaras, during a conversation in August 2009 tried to explain the rise of Manoj Tiwari in the 1990s entirely on this basis, giving examples of major and minor forms that were hauled into the limelight by Tiwari. The earlier generation of Bhojpuri singers like Sharada Sinha and Bharat Vyas had a somewhat limited and rather urbane repertoire whereas the more recent singers like Manoj Tiwari and Devi delved into the relatively private and untouched areas of music prevalent in the countryside among women and local performers such as *Sohar*, wedding songs, and songs sung over the occasion of childbirth. This shift of musical material and style may be seen as one from forms closer to the semi-urban or light classical towards forms that are truly rustic and locale- or context-specific. In this sense, Tiwari would seem to delve or mine far deeper into the local traditions than his forebears. A good example of an 'unmined' form from Haryana is the *Jakari* form sung ubiquitously by women in Haryana, a large but unexplored territory yet to be initiated into the industry in a similar manner. Jakari is sung by women on many occasions and lends voice to their largely invisible and silent world. Ironically, what may be one of the most commonly sung forms in Haryana has had no exposure in the local media to date. The above two examples have been discussed to demonstrate that musical talent and entrepreneurship is driven by an extractive impulse, where the artist has in front of him the limitless expanse of India's own traditional forms as well as the many light years of global music.

In this regard, a Manoj Tiwari relates to his own culture very much in the manner of a music director from Bollywood, both of whom are seeking and quarrying the vital raw material from various obscure or well-known local musical traditions for their creations. The extractive initiative may be taken by an alien agency, say a gramophone company executive from Europe in the late nineteenth Century seeking musical material and markets in India (Parthasarathi 2005). Or it may be

a Bengali youth like Sachin Dev Burman who roamed the Bengal countryside soaking in its musical genius for a number of years before pouring out his inspired melodies into the East-West hybrid film songs of the Bombay cinema during the 1940s–1960s (Burman 2013). What remains undeniable is that the extractive impulse has reached far greater levels of intensity in recent times. Nonetheless, the formal market or the entrepreneurial artist cannot be seen as the final arbiters over the aesthetic worth of a traditional cultural form and there is certainly sufficient ground for the cultural activists to espouse and promote those treasurable forms that seem endangered. The central tale of our protagonist, the artist, remains intertwined with the story of the audience in both contexts: the locale-specific live concert and the portable music carried on the body. In the current configuration of the music economy, an artist must perform the following tasks: bolster and prove his talent as a miner of near inexhaustible musical material, prove his mettle as an astute investor in the production process, and be proactive in the marketing of his goods and services. In all this, he receives minimal, but vital, assistance from music companies willing to collect a fee for their signature and stamp, somewhat in the manner of gazetted officers within the gargantuan Indian bureaucratic system.

10

Pradip Thomas

Religion, Communication, and Political Economy in India

The Case of Gospel for Asia

The exploration of the relationship between media, religion, and economics has remained a marginal concern for those who study religion and media. It is hard to fathom why this is the case given that religious institutions (from the Vatican to Wahhabi organizations and Hindu temples such as Guruvayoor and Tirupati) are literally billion-dollar enterprises. Despite being on a par with other corporate capitalist institutions, they are typically described as 'not for profit' entities. The few studies available on studies on religion and economics are based on phenomena in the USA in particular and, arguably, this is a limiting perspective given the vastly complex, plural, traditions, motivations, experiences, and institutions of religion in countries such as India. Indeed, there has been a massive commodification of mainstream religions in India—both offline and online—and nowhere is this more apparent than in the proliferation of religious television where faith, products, and practices have been finely integrated, packaged, and sold to audiences as a form of religious leisure. As an illustration of the scale of capital involved, when the Chennai-based Murugappa Group sold their landmark TIAM Building situated in Rajaji Salai, Chennai to Jesus Calls in 2006, the asking price was Rs 100 crores (US$14.8 million), out of which the IT department earned 26 crores (US$3.8 million) in taxes. This was one of the largest collections by the IT department for a single property sale, and quite possibly the reason why this transaction was not scrutinized (Shankar 2006).

In 2008, Dow Jones, following on from the launch of the Dow Jones Islamic market indices in 1999, launched their faith-based Dharma indices that enable investors to invest in stock that is ethical and upholds *dharmic* values. The Indian spiritual guru Sri Sri Ravishankar is on the board of this initiative, which is not at all surprising given that his own business empire is based on taking the spiritual out of religion and promoting commoditized, de-spiritualized, dharmic techniques as key to 'the art of living'. Across India's many practices of faith, there has been a massive re-contextualization of religious themes and ideas through their appropriation as products for consumption. The consequent challenges for scholars of material religion in India are to:

- Explore religion, media, and economy not in terms of an epi-phenomena but as fundamental to understanding its role in the context of capitalist accumulation in the 21st century.
- Understand the role played by religious media as a business in contemporary India.
- Understand the ways in which religions in India maintain their special status as institutions involved in other-worldly affairs and the ineffable mysteries of humankind, thus escaping the levels of scrutiny normally reserved for institutions whose actions impact so profoundly on the public.

Leisure and the Religious Economy

The basis for the fine-tuning of leisure in a global context has been characterized by David Harvey (1989) as 'time-space compression'. Arguably, comparable processes have also affected the increasing mediatization of religion in India. Meera Nanda's (2009) book, *God Market: How Globalization is Making India More Hindu*, explores the state-temple-corporate nexus and the ways in new religious traditions have been re-invented, the gods gentrified, and practices such as Ayurveda and yoga commodified in globalizing India. Jonathan James' (2010) *McDonaldisation, Masala McGospel, Om Economics: Televangelism in Contemporary India* deals with this same phenomenon in the context of the 'new' churches operating in India. Amidst a rapidly expanding market for religious commodities, all Vedic things and practices have been given the stamp of authenticity for popular consumption, as has also been

the case with practices of healing such as Ayurveda. India's Ministry of Information and Broadcasting does occasionally send advisories (the latest being 7 June 2013) around Indian TV channels warning them of the stipulations against peddling superstition and blind belief and against carrying misleading advertorials disguised as religious discourses. Such circulars highlight Section 6 of the amended rules related to the Cable Television Networks (Regulation) Act, 1995: (5) No advertisement shall contain references which are likely to lead the public to infer that the product advertised or any of its ingredients has some special or miraculous or super-natural property or quality, which is difficult (sic) of being proved (Programme and Advertising Codes Prescribed under the Cable Television Network Rules, 1994 Rule 6 and Rule 7).

The fact remains that a large number of the major religious channels thrive on marketing precisely such correspondences. Central to the commodification of religion as a leisure practice in India is a business ethos of religion as enchantment. Strangely enough, in spite of the ubiquity of religious television in India, its audience ratings have been consistently on the low side when compared to audiences for other fare on television. This apparent paradox immediately throws up the question: If ratings are low, why would anyone want to invest in such channels? The answers to this question are many and could include the expansion of religious mission, social investments in values-based television particularly via family entertainment, broadcast technologies as an extension of an evangelist's or god-man's mode of discourse. Arguably, then, religious broadcasting is important to the overall mission of, say, a Baba Ramdev or a Paul Dhinakaran, although I would be less prepared to argue that it is fundamental to their overall ministries. The economics of religious television are nonetheless intriguing because many of these channels are funded by both individual and corporate sponsors, and are not therefore as dependent on advertising revenues as are mainstream channels. This is likely why channels such as God TV constantly plead for donations. Others, like Zee Jagran, are cross-subsidized consciously 'family' channels ensuring that leisure comes with a moral tinge (an old strategy perfected by the infamous US televangelist Pat Robertson). Clearly, a lot more needs to be done on the particularities of religious television in India and the specific nature of its production-consumption cycle.

The concept of leisure is in itself rather problematic given that its obvious meaning is linked to individuals having the freedom and time

to devote to things other than work. At one level, this premise (arguably, a false premise) locates religion squarely in the 'off-duty' world of leisure. It would be quite difficult, however, to achieve any such surgical division between practices of devotion and the conduct of everyday business in India. Religion not only governs the schedules of daily life, but also the calendrical operation of the rural economy and the auspicious astrology required for major business dealings. None of these are defensibly determined as leisurely practices, or even convincingly detached as moments of spiritual reflection amidst the everyday. Nonetheless, when we look at leisure regimes within contemporary capitalism, it is clear many of these deeply embedded social practices are being re-organized and commodified in the form of consumer cultures. George Ritzer's (1996, 9–10) concept of 'McDonaldisation' highlights the ways by which leisure can become the practice of unfreedom. Some of the characteristics of McDonaldisation are, in Ritzer's own words: efficiency 'the optimum method of getting from one place to another' (an efficient satisfaction of needs in a fast world); calculability—quality equals quantity, bigger is better, getting value for money; predictability—an assurance that product quality will remain the same; control—it is an eat and go mentality; and the consequences of this—the irrationality of rationality meaning that rational systems can spawn irrationalities—such as the need for uniform potatoes. The increasing equation of religion and leisure clearly risks an equivalent fate for traditions of salvation, sustenance, and spirituality.

Resurrecting the Protestant Ethic

While Marx had dissed religion with his famous interpretation of it as the opium of the masses, it was another German, Max Weber, who suggested that it was the Calvinist ethic of hard work and frugality that led individuals in Europe to create the conditions for capitalism through the pursuit of economic wealth and accumulation (Weber 2002). The Reformation in Europe had legitimized one's personal relationship with God unimpeded by intermediaries as the only way for individuals to be assured of their own salvation. This was based on working hard in this life, thus enabling 'grace to be earned through works' and resulting in salvation in the afterlife. Weber's thesis has itself been resurrected by contemporary scholars of religion who have used it to make sense of

the rapid growth of the new churches—especially those who believe in the gospel of 'Health and Wealth'. This novel 'article of faith' explicitly makes the case for wealth being a blessing, while dismissing poverty as an ungodly aberration. The exponents of the 'Health and Wealth Gospel' are explicit about the virtuous relationship between the acquisition of worldly wealth and the grace that saves. The successful individual is the deserving recipient of godly blessings. The religions scholar Stephen Hunt (2000, 335) refers to the 'consumer "instantism" of the Faith teaching: health and wealth can be demanded and enjoyed immediately through the "currency" of faith'. The rewards of prosperity in this world are taken as a sign of what is to come in the next.

The charge of 'consumer instantism' is not as far-fetched as it seems. In the section of the website for the multimillion-dollar Chennai-based evangelical outfit Jesus Calls, one can donate instantly to eleven initiatives, including three that are especially related to financing their broadcasting ministry (which includes the cable and satellite channel, Rainbow TV). The direct sponsorship of Christian TV programs has been broadly adopted as a business strategy by a number of evangelical and broadcasting enterprises in South Asia. In my 2007 study on 'Christian Fundamentalism and Communication in India', I explored the strategies of God TV South Asia and alluded to their 'Angels' and 'Business Angels' Plan directed at individual donors and business corporations. Angels were solicited for a one-off gift of US$750 and Business Angels for US$5,000 although there was a further option of also becoming a 'plain partner' and contributing to 'anointed, supernatural' programmes (Thomas 2008, 119–20). The information in Jesus Calls' 'Business Blessing Plan' communicates the extent to which such ministries thrive on business, are inherently capitalist and market-oriented, and are explicitly designed for a globalized world that is fixated on the imperative of perennial growth. Within this worldview, the business community is fundamental to the gospel of health and wealth. Indeed, 'The Jesus Calls Business Blessing Plan was divinely revealed by the Holy Spirit to Paul Dhinakaran to pray for the welfare of the businesses and business people for prosperity and wealth to be created to build God's Kingdom' (Prayer Tower Online). The salient features of the Health and Wealth Gospel are:

- You can enrol your shop, trade, business, or industry as a partner in this ministry.

- Those who are involved in business can also become partners.
- In the 'Jesus Calls' Prayer Tower, special prayers will be offered every day for the business partners by designated Prayer Warriors every day.
- I will also pray to our Lord Jesus daily for your shop/trade/business mentioning its name and its owner(s). (Jesus Calls)

Jesus Calls exemplifies neo-Pentecostal ministries that have perfected their role as a mediator of God's causal agency in the creation of wealth and prosperity (those agencies being embodied in the Hindu tradition by the goddess Lakshmi). Here, the individual Christian is the locus of a ministry in which faith is rewarded by divine favours of health and wealth. This doctrine affirms that giving (neo)liberally to the church in this life will be rewarded by riches in one's heavenly bank account in the next life. It is perhaps unsurprising that an approach that is based on faith being rewarded with material prosperity has become globally successful, given the globalization of poverty and the pressures to survive in difficult economic environments. Such examples of the business strategies adopted by these new 'corporate' religious institutions also reveal the extent to which the role of the 'intermediary' in the re-mediation of religion has become widespread. The divine intermediary may have been marginalized during the Protestant Reformation in Europe but he/she is certainly alive and well today and is making a lot of money. The 'rational' interlockings between faith and business is intriguing from a political economy perspective precisely because faith is all about betting on futures based on the unseen, beyond money, the market, politics and all things temporal—it is the 'first-mover' in the business for speculating and betting on futures and the role of individuals in those projections.

What Happened to Secularization?

The second, and perhaps more problematic, assertion made by Weber (and also by Durkheim) was that of the inevitably negative and increasing impact of secularization on established religions. They basically assumed, like Marx, that education, rationality, independent thinking, and the scientific temper would consign religion to history. The dogmatic belief in the inevitability of the secular replacing religion was of course played out in post-independent India too—and its consequences are plain to see today where the term secular has become almost unutterable and

'pseudo-secular' has become a favourite pejorative term used by right-wing politicians to deride anyone critical of their project related to making India Hindu (and remaking polytheistic Hinduism into an orthodox faith). While the term 'secular' can be used technically to describe societies such as France that were founded on a separation between church and state, in hindsight, it was bound to be contested in countries such as India, where religious identities are central to social relationships. India is a far more pluralized religious domain than Catholic-majority France, which explicates both the fact that the general population remains resolutely religious and the genuine secular predilections of some of its former leaders. I think that, at a fundamental level, the Weberian theory of secularization failed to account for the fact that all religions are at once both intensely ideational and intensely material, given that they are all of this world regardless of their primary project to advance our fortunes in the next. In practice, the one cannot exist without the other.

Johannes Quack (2012) in his book *Disenchanting India: Organised Rationalism and Criticism of Religion in India* explores the world of organized rationalism in India and the 'culture wars' that it ignited. This war pitted mainly postcolonial scholars such as Ashis Nandy against scholars such as Meera Nanda, who has openly castigated the tendency for the postcolonial school to celebrate indigeneity at all costs. It took this position on the basis that the project of indigeneity, purportedly, has suffered under the onslaught of Western modernity, science, and the rational. In response, some of India's proponents of rationalism also tend to be rather dyed in the wool and dogmatic about the need to exclude religion from social, scientific, and political debates. Postcolonial scholars see the evident limits of secularism and are critical of the cultural arrogance of secular humanists in India, such as Nehru, whose views on religion were diametrically opposed to the overwhelming religiosity of Indians. For Ashish Nandy (2001), religion was the framework for everyday life and secularism and science questioned this ontological security. Conversely, in Meera Nanda's way of thinking, a post-secular India has now become a massive arena for a Hindutva re-enchantment project in which commercial television plays an important role. The debunking of miracles in the Catholic Church and in Hinduism in India by rationalists has been countered by violent attacks on rationalists and their property. The recent spate of murders of rationalists in India by religious fundamentalists, most recently

the murder of Narendra Dabholkar in Maharashtra in August 2013, suggests that any public critique of the fraudulent business models of some faith organizations is similarly viewed as an attack on the faith itself.

Accounting for Material Religion

Secularism always was a tenuous project in India precisely because there were many disjunctures between its ideological promise and its institutional performance—All India Radio being a prime example of an institution for whom Brahmanic high culture was unproblematically associated with Indian culture. In order to account for such disjunctures, as well as for the increasing commodification of religion, I believe that the 'material religion' framework offers a way for us to understand the relationship between religion and economy as an embedded set of practices. In essence: 'Material Religion seeks to explore how religion happens in material culture—images, devotional and liturgical objects, architecture and sacred space, works of art and mass-produced artefacts. No less important than these material forms are the many different practices that put them to work' (*Material Religion* 2015). Arguably, a material understanding of religion can also be productively used to understand the economics and practices of the highly institutionalized religious empires found in India and elsewhere. Certainly, the ways in which the ideational and the material have played out in different religions are intriguing. The colonial churches, or at least some of them, did have an ambivalent relationship with the pursuit of wealth (you cannot serve God and Mammon, as the biblical injunction says). However, one cannot ignore the fact that the Church of South India became one of the largest owners of real estate in the country, this itself being a reason for all types of corruption found within this ecumenical body today.

From a critical political economy perspective, a material religion approach offers us a useful way to understand the processes though which contemporary religious re-enchantments are being built on highly commodified religious practices. Baba Ramdev's distinctive brand of commodified Hinduism is spectacular precisely because faith and well-being are embedded and this 'organic' basis for Yoga and Ayurveda makes it a natural winner. It is a perfect product package for a transnational business purveying well-being in a context in which people in both

the developing and developed world are wary about the limitations of allopathy-based solutions. Uncannily like the Health and Wealth Gospel, this is a product range that consciously promotes the instrumental gains of consuming religious practices. It follows naturally, then, that one of the central debates related to the commodification of religion is whether or not it encourages the 'misrecognition' of the spiritual, debases the spiritual, or whether in the promotion of everyday religiosity, it enhances the spiritual. To settle this issue, there is obviously a need for us to begin to interrogate the 'use' value that consumers of religious products give to their products, as against its exchange value (Thomas 2008). In doing so, can we maintain a distinction between the production-distribution-consumption circuit related to the branded products peddled by religious institutions, and the circuits that involve non-branded products and services that are vital to the routines and practices of everyday religion and that give meaning to ordinary individuals?

Vineetha Sinha's (2010) enlightening study of religious commodity flows explores the flows of religious material between the local and the global, detailing how these 'puja (worship) things' traverse various routes and circulate as commodities within networks created across transnational boundaries. Sinha explores how fresh flowers, prayer altars, and visual representations are part of 'business practices and marketing strategies' that 'connect groups of makers, seller and buyers into a much wider network' and of how 'local business are plugged into a global network' that operates between Tamil Nadu, India and South East Asian countries (including Singapore, Malaysia, Indonesia, and Thailand). Sinha also explores the ways in which religious commodities become embedded as religious objects and the complex nature of the ways in which such items flow through profane-sacred-profane cycles. Contesting the binary notion of the 'sacred and profane' as wholly distinct demarcations, Sinha (2010, 204) concludes with the following observations:

> Despite the commodification of religious objects, perhaps indeed because of it, goods and commodities as they feed back into the realm of religious practices with charged meanings, in effect support enchanted (by which I mean a religious, mystical, other-worldly) field of practices rather than produce mindless consumerism or a disenchanted consciousness.

In other words, commodification cannot be explained in black and white terms given that the creation of affective, emotive, even social value

does, at times, displace its economic value. What strikes me as a fascinating aspect of Hinduism in particular is Hindu belief in the immanence of God in Hindu products, goods, and services—certainly a boon to the Hindu God market but also a precept that suggests the key relevance of orthopraxy (the correct conduct of rituals/practice as opposed to faith) to any understanding of Hinduism. Nicole Karapanagiotis (2013, 59) argues that '…many Hindu devotees do…understand cyber-forms of God on the Internet to be full and ontologically real forms of God. Virtual Visnu is Visnu and cyber-Siva is Siva, and their cyber-forms are believed to be no less real than their forms cast in gold, metal and granite.' It follows logically, then, that S.G. Sharma (2015) identifies online religious commerce as a growth area and remarks that EPuja 'has tie-ups with more than 3,600 temples from Kashmir to Kanyakumari, and directly works with the temple management, which ships the prasad to the clients. Saranam and eprarthana, on the other hand, have adopted an agent-based model, where trained freelancers attached with the sites go to the temples, get the puja done in the clients' name, and ship the parcels themselves' (Sharma 2015). The God-market in the context of neo-Pentecostal Christianity is similarly characterized by the simultaneous virtualization and monetization of religious 'affect'. It is typically based on the 'anointing' of Christian goods and services within a thorough business strategy. The transfer of divine blessing though a range of commodities is equally central. For example, since God reveals himself through Paul Dhinakaran, the CEO of Jesus Calls, all the products that he blesses also share in this divinity.

The Case of Gospel for Asia: A Missionary Business Model

Having established an argument for a material religion approach to the broad spectrum of faiths in India, let me now turn to the case of the 'Gospel for Asia' as a way of illuminating some aspects of the political economy of religious communication in India. Gospel for Asia (GfA) is a multimillion-dollar mission agency founded by the Indian evangelist K.P. Yohanan and headquartered in Dallas, Texas. GfA has branches in Canada, Germany, the UK, South Africa, Australia, New Zealand, and, of course, India where 16,500 indigenous 'native' missionaries are involved in planting churches and preaching, mainly in Northern India but also in ten other Asian countries including Thailand, China, Bhutan, and

Cambodia. India is located in what evangelicals call the 10/40 window, meaning countries located between 10 degrees and 40 degrees north of the equator. India is among sixty-nine countries that are considered to be 'unreached', a parlance that describes the fact that most people within this window are yet to hear the Christian Gospel. As the GfA India web site points out:

> The vast majority of these people live in the 10/40 Window, a rectangular shaped area on our globe extending from West Africa to East Asia, from 10 degrees north to 40 degrees north of the equator. In this part of the world, millions live with little or no chance of ever hearing the name of Jesus. And many live in desperate poverty-over 80% of the world's poorest people live in the 10/40 Window. The Window also encompasses the majority of the world's Muslims, Hindus, and Buddhists. (Gospel for Asia 2015c)

GfA has a multimedia communication strategy that encompasses Christian literature, television, videos, films, web-based services, and radio in particular, since radio is seen as the most affordable medium for outreach. The GfA currently is involved in a radio broadcast ministry that broadcasts in 103 Indian languages and currently is involved in training 9,000 students in fifty-four Bible seminaries in India. Radio outreach is clearly meant for the masses while the other media are primarily used to solicit donations. The radio services are targeted at specific communities. In the Malayalam language, for example, the program is called *Athmiya Yatra* (Spiritual Journey). Home support for GfA's Indian mission is provided by a team based in Dallas that is involved in marketing, web-design, and media ministries and provides the administrative, financial, technical and communications support. The extent of this operation is evidenced by their advertisements for administrative support personnel including audio engineers, data entry personnel, direct mail specialists, event coordination specialists, grant writers, HR professionals, network engineers, scriptwriters, software developers, and video editors (Gospel for Asia, Join Staff). GfA's web pages are also available in Korean, German, and French language versions. The graphic design of the website emphasizes the visual including photo-stories of missionaries, videos of orphan children who are up for sponsorship that also includes a narrative on Hinduism's oppressive caste system and the persecution of Dalits (so-called untouchables), and the sponsorship of missionaries.

The rhetorical organization of the website clearly advances two key objectives:

- The solicitation of funds/donations in cash and in kind for mission work within a narrative that focuses on the Biblical principle of giving.
- Providing a persecution narrative with regular updates on the travails faced by indigenous missionaries as they preach the Gospel and plant churches in the Hindu heartland.

In terms of the former, there is a promise of mutual gains, since not only will God bless a cheerful giver, carefully planned giving can become part of an asset management strategy supported by a partner organization, Philanthrocorp, a Christian estate-planning organization who will ensure a reduction 'to your income taxes, Avert capital gain tax, Increase your current income, Receive payments for life, Achieve no-cost, worry-free asset management' (Gospel for Asia, Leaving a Gift to Gospel for Asia in your Will). In terms of the second objective, which invokes a moral responsibility, the profiling of persecution entailed twenty-four news items all written between 15 June 2007 and 30 October 2007 (Gospel for Asia 2014). These persecution stories are often picked up by the US State Commission on International Religious Freedom, a body that monitors the state of religious freedom worldwide. Their 2006 report names attacks on the Believer's Church (a church network that belongs to the Gospel for Asia) by Hindu groups (International Religious Freedom Report 2006).

> On February 20, 2007, a local BJP leader, Panat Ram, and his followers allegedly attacked three pastors of the Believers' Church while they were holding a prayer meeting in Raigarh district, Chhattisgarh. Elisha Baker, BalbirKher, and Nan Sai were slightly injured. Panat Ram also tried to register a complaint against the pastors for engaging in conversion activities. Police investigated the complaint but found it unsubstantiated, and did not register a First Information Report (FIR) against the pastors.

The GfA mission strategy involves both 'native' missionaries and 'foreign' interns who are recruited through the website. The emphasis on training 'native' missionaries is a cornerstone of their web-based funding strategy given that there is a 40:1, foreign/indigenous missionary ratio of

costs, a key concern for individual donors. The Road to Reality internship and volunteer service offers mission workers the opportunity to:

- Help plant hundreds of churches.
- Learn more about God's calling on your life.
- Study, be discipled, and deepen your faith.
- Go to India! (Gospel for Asia, Road to Reality)

While one of the key objectives of the GfA website is fundraising and attracting donations, it also solicits non-cash giving, inclusive of stock and mutual fund shares, restricted securities, vehicles, real estate, business interests, loan notes, estate gifts, retirement plans, life insurance, and personal property through its GfA Harvest Foundation (Gospel for Asia, Non Cash Giving). GfA states membership of the Evangelical Council for Financial Accountability and certification by an independent source for ministry ratings, Ministrywatch.com. Donations are solicited for four projects, inclusive of the Harvest Foundation. Major ministries include Jesus Wells, Dalit Outreach, Film Ministry, Church Buildings, radio, Muslim Ministry, GFA Bible Society, Slum Ministry, Houses, Bible Colleges, Bible College Scholarships, Bridge of Hope, and Women's Ministry—each with dollar figures. For example, it costs US$11,000 to build a church, US$28 to sponsor a child for a month, or US$175 to sponsor one hour of radio programming. All this can be done through a point and click process where items can be added to the cart as in Amazon.com and other commercial online services. The Tools for Missionaries project includes support for gospel literature, radio, bicycles, Bibles, musical instruments, motorbikes, LCD projector kits, generators, kerosene lanterns, winter clothing packets, flip-charts, bull horns, church buildings, missionary vehicles (US$16,000 for 1 jeep), vacation bible school materials, and radios. The Dalit project includes donations for a variety of livestock and employment (fishing boat US$2,500).

The Case of Gospel for Asia: The Political Economy of Not-for-Profit

The GfA's remarkable success in its fundraising strategy has led to this organization being named in India's Ministry of Home Affairs successive annual reports from 2004 onwards as one of the three largest receivers of foreign funding in India: 'The top foreign donors in 2004–5 were the

Foundation Vincent E Ferrer, Spain (Rs 183 crore/US$27.2 million), World Vision International, USA (Rs 123 crore/US$18.2 million), Gospel for Asia, USA (Rs 110 crore/US$16.3 million), Plan International, USA (Rs 65 crore/US$9.6 million), and Compassion International, USA (Rs 60 crore/US$8.9 million)' (Parker 2007). In 2011–12, the FCRA report reveals that Believers Church (which belongs to the GfA) received Rs 190 crores (US$28.2 million). They received Rs 160.7 crores during 2010–11 (US$23.8 million). GfA (India) received Rs 81.7 crores during 2011–12 (US$12.1 million). The Foreign Contributions (Regulations) Bill, 2006, makes it mandatory for organizations receiving incomes from abroad to prove that they are not involved in religion conversion (an impossible call for at least three of the largest recipients of foreign funding: World Vision, GfA, and Compassion International). Overseen by the Ministry of Home Affairs, the bill states that 'Before an organisation can receive FCRA registration the government must be satisfied that it has not indulged in activities aimed at conversion through inducement or force, either directly or indirectly, from one religious faith to another.' The Receipt of Foreign Contributions by Voluntary Associations, FCRA Annual Report 2005-2006 (ii) names Gospel for Asia as the second largest recipient of foreign funds—Rs 137.18 crores from the USA (US$20.5 million). The report also reveals a 300 per cent increase in GfA funds from between 2003–4 (Rs 39.80 crores/US$5.9 million) to 2005–6 (US$20.5 million) (FCRA 2006, 20).

These sums account for money transfers into India, rather than actual turnover, since GfA is a not-for-profit registered in Texas and is thus not accountable in India. The GfA (India) subsidiary, however, does provide annual reports to the Ministry of Home Affairs as a registered social organization in receipt of foreign funds, through the submission of Form FC6 under FCRA rules. What these annual returns reveal is that the GfA has two arms in India: GfA (India), which is its mission arm, and Believers Church, that is its explicitly Christian worship arm. However, for all practical purposes, the two annual returns reveal that money has been used for identical purposes by both organizations. So, for example, GfA India had a balance of Rs 18 crores on 31 March 2013 under the category 'Celebration of National Events including Independence Day' while Believer's Church had a Rs 10 crore balance under the same category. The establishment of the 'Corpus Fund' had a balance of Rs 117 crores under the GfA returns and Rs 90 crores under the returns

made by the Believers Church. In fact, across the expenditure categories, forty-one in all are identical in both returns except that the categories are ordered differently. Taken together, expenditures amounted to close to Rs 700 crores (approximately US$150 million) for the year ending 31 March 2013. These returns are intriguing, because the activities of a church and that of its mission arm can be expected to be at least slightly different. To me, it seems that these returns cannot provide accurate information on precisely how the donations have been spent. The fact that such returns have not received adequate scrutiny by accountants at the Home Ministry does suggest a certain laxity.

The FC6 forms also provide information on international donors and here too there are some points of interest. Apart from GfA Inc., there are a number of other donor organizations, all Texas-based that are listed including Unfailing Love, In His Steps, Grace in Action, Teaching Skills, Sheppard Care, Way of Hope, Peace Givers, and others. These are all domestic limited liability companies linked to Gospel for Asia. One of the issues with 'independent' Christian outfits such as GfA and Believers Church is that they are not clearly accountable to anyone. Many are, in fact, family. In the case of evangelical organizations involved in mission and based in the USA, there are oversight bodies such as the Evangelical Council for Financial Accountability (ECFA) that accredits Christian NGOs and assesses their financial transparency. However, in the case of GfA, the ECFA report states the following: 'Due to international security concerns, Gospel for Asia has requested that their financial information not be posted on the Internet. To receive a copy of their audited financial statements, please contact Gospel for Asia directly' (ECFA 2015). Certainly, GfA has been a target for many Hindutva groups. Some of the commentary available online on GfA needs to be treated with circumspection. Nonetheless, as Shaji (2008) has reported in *Tehelka*, one 'Bishop KP Yohannan has been under the watch of police for having received funds from the Texas-based Gospel for Asia for the past 12 years. The police claim that a trust closely held by Yohannan and his relatives had received Rs 1,044 crore ($155 million) for charity from a Texas body since 1995, but spent only Rs 144 crore ($21.3 million) on such purposes.'

While the Home Ministry did investigate Believers Church, they were given a clean chit (Bajwa and Parhi 2014). Interest in Bishop Yohannan nonetheless brought to light the fact that GfA is also the owner of large

properties in India including schools, colleges, and plantations. As Philip (2008) has highlighted in an article in the *Indian Express*,

> Yohannan's real estate interest came to the fore in 2005 when Believers' Church purchased 2,263 acres of rubber estate from Harrison Malayalam Limited for Rs 63 crore. He also owned Cheruvally estate, one of the best-managed rubber estates in Kerala. Besides, his church owns several tracts of land, paddy fields and islands with tourism potential in various parts of central Kerala. The land tracts were purchased on behalf of the trusts Yohannan headed. Nobody was under any illusion that the rubber estate and paddy fields were meant for sowing the seeds of gospel.

While GFA maintains that the estates are income-generation projects, very little information is available on how those incomes become devoted to its mission-related work. K.P. Yohannan's consecration itself was scandal-ridden, as Gnana Robinson (n.d., 4) recounts:

> The latest Episcopal scandal in the Church of South India and the Church of North India was the consecration of K.P. Yohanan, a lay man, an evangelical preacher with a foreign wife, who formed his own church and called it the Believers' Church. He has many supporters in U.S.A. and Australia. He draws huge amounts from overseas…He was consecrated as bishop by the then CSI moderator K.J. Samuel with the accompaniment of the present moderator and one other bishop from the CSI and two bishops from the CNI, without any prior theological discussion on the faith issues involved and without any formal decision of the CSI Synod or its Executive Committee. The CNI viewed the matter very seriously and conducted an enquiry. In the enquiry, one of the participants, Bp. Nayak of the Phulbani Diocese of the CNI, had admitted that he participated in that function because 'he was assured of some financial assistance by Mr. K.P. Yohannan.' The CNI took this to be enough evidence for both its bishops taking money for participating in the consecration and laying hand on K.P. Yohanan, and dismissed both of them….

The financialization of mission work by these new actors has thus clearly impacted upon the governance structures established by the traditional churches in India. Yet whilst such giving constitutes an 'episcopal scandal' for the old order, it makes perfect sense within the 'business model' of commodified religion. GfA's product range and business practices are both strategically related to the Christian promise of redemption. This

is true of a number of the major neo-Pentecostal organizations in India, especially those who have embraced the 'Health and Wealth Gospel'. Buying and giving are configured as acts that are full of grace, since God has willed and blessed these activities. This is considered different from other types of buying favours precisely because it is purposeful and aligned to the fulfilment of larger metaphysical goals. 'Neo-Pentecostal solutions', in other words, are grounded firmly in a capitalist logic that allows you to achieve your redemption through the act of purchasing. In the words of K.P. Yohannan (GfA) himself:

> You'd be astonished at how many people's lives are radically different today because the Lord used Gospel for Asia's Christmas Gift Catalog. Their daily existence was once a constant, losing battle against poverty with no hope of change. Then someone like you gave them a gift that helped them climb out of the endless cycle of poverty and suffering…Oh, how I wish you could be there to meet these gift recipients, to see their eyes, filled with tears of gratitude, as they realize there is a God who truly does love them. God bless you. (Gospel for Asia 2011)

Redeeming the Value of Material Religion

The earlier predominance of a secular ethos at an official level served to downplay the significance of religious practices in determining the conduct of economic activity in India. By seeking to eradicate such 'irrationalities', the secular regime effectively transferred the economic dimensions of religious practice into an unaccounted zone, where the significant commercial activity of faith organizations operated beyond the purview of economic planning. For their part, since religious organizations (including temples, churches, and mosques) rely in such a large part upon acts of donation, they have been understandably reluctant to make any transparent statement of their finances and other assets. Over the past twenty years, however, the emergence of these new players focused upon the possibilities of mediated faith via television and the Internet has brought the transactional aspects of material religion into sharper focus. Thus, the increasing mediation of religion is not only significant as a social and cultural determinant of the media environment, it has also come to represent a key set of commercial interests within the media economy itself. As such, there is a need to both understand, and overcome, the reticence

to investigate religious empires in India. To some extent, this reticence is understandable in a highly religious nation where both majority and minority religions routinely contest the real or perceived interference of the state in religious matters. However, scholars of religion do need to grapple with some of the issues raised by financialization and mediation as critical material aspects of contemporary forms of religious practice.

A discussion of the finances of Christian missions receiving foreign donations is inevitably fraught at a time when militant Hindu groups, as opposed to the Indian tax authorities, are seeking to discredit and intimidate religious minorities. For our present purposes, therefore, it is important to note that religious commodification, at least in the case of neo-Pentecostal groups, largely follows trends that have been set elsewhere. The example of Patanjali Ayurveda (PA) reveals the extent to which high-profile religious entrepreneurs such as Hindu 'god-man' Baba Ramdev have been able to extend their own 'aura' into the marketing of products that are marketed as pure and unsullied, based on millennia old Vedic traditions of health and well-being, combining divinity and utility in products that are 'organic' in a context in which the competing products of globalization are figured as contaminated and impure. A recent report in the *Times of India* suggests that Ramdev's fast moving consumer goods (FMCG) empire is now close to the top of the second tier of such companies in India. FMCG is slated to reach the Rs 5,000 crore (US$741.4 million) mark in 2016, a notable increase from its Rs 450 crore (US$66.7 million) turnover in 2012. As Sinha and Singh (2015) comment, 'Currently, Patanjali is present in almost all categories of personal care and food products-soaps, shampoos, dental care, balms, skin creams, biscuits, ghee, juices, honey, atta, mustard oil, masala, sugar and much more…current turnover projections of Rs 2,000 crores (US$296.4 million).'

The expansion of business holdings by religious organizations is paralleled by the commodification of their 'core business' itself. In the case of Sri Sri Ravi Shankar, Avdee (2010, 5) has observed, 'On its Internet website and prospectus, The Art of Living Foundation does not present *Sudarshan Kriya* as a spiritual technique to reach *moksha* (the release of the individual soul from the cycle of rebirth), but rather as a tool to improve daily life…the emphasis is put on the therapeutic dimension of the practice at the expense of the traditional philosophico-religious aspect, which is totally obscured.' This simultaneous 'lifestyling' and monetization

of the universal need for spiritual fulfilment and certainty in the here-and-now (and sometimes as a precursor to salvation/nirvana in the afterlife) makes the study of the mediated economies of religion a fruitful area for further study. Although the vast amounts of money that accrue to established temples and churches are a reflection of the wealth of religion today, it is the evangelists and babas of television and the Internet who have been driving the commodification of religious practice itself. They have achieved this by expanding the universe of mission to include the dispensation of grace through the 'shopping cart' consumption of religious products and the 'pay-per-view' provision of religious virtue. In other words, the re-enchantment of religion today, irrespective of type, is firmly undergirded by the expansion of religious meanings to experiences that can be authenticated via acts of consumption.

What makes the contemporary study of these media economies of religion especially interesting is that evangelists such as Bishop K.P. Yohanan and the Hindu god-man Baba Ramdev are primarily entrepreneurs who have harnessed the immanent potentials in religion to sell authenticity and certainty. While there is a corresponding need to study the corporatization of religion, it is how people engage with the material dimensions of their faith and maintain their spirituality via mediated acts of consumption that requires the fuller investigation. Here, Pierre Bourdieu offers perhaps one of the more useful pathways to understanding the relationship between symbolic and material interests, cultural and economic capital, and the role played by religious entrepreneurs in obfuscating what has 'traditionally been thought as economic (that is, interested and material) and non-economic (that is, disinterested and symbolic) forms of action and objects (Bourdieu 1977). Thus, symbolic and material interest are viewed as two equally objective forms of interest. Actors pursue symbolic as well as material interests and exchange one for the other under specified conditions' (Swartz 1996, 74–5). In other words, there is a need to understand religious interests as consisting of both material and non-material goods and practices. This calls for a political economy-inspired approach that offers the possibility of exploring the simultaneously embedded and integrated nature of economic and symbolic power.